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UNL news
Vol. 63 No. 11 November 1983 (ISSN 0149-4163)
Published once in June and July; twice in Feb., May, Aug., Sept., Nov., and Dec.; three times in Jan. and Mar.; and four times in Apr. and Oct. by the University of Nebraska–Lincoln, Dept. of Publications Services & Control, 209 Nebraska Hall, Lincoln, NE 68588-0524. Second-Class Postage Paid at Lincoln, NE. POSTMASTER: Send address changes to UNL News, Dept. of Publications Services & Control, 209 Nebraska Hall, University of Nebraska–Lincoln, Lincoln, NE 68588-0524.

Business in Nebraska

Prepared by the Bureau of Business Research
College of Business Administration

INFLATION: WHICH PRICES MATTER?

The U. S. economic recovery is now established, but prospects for renewed inflation temper the optimism of some forecasters. Most expect at least a small acceleration in the near term. This outlook—combined with recent change in the construction of the nation's most widely-reported inflation measure, the Consumer Price Index (CPI)—prompts this article.

Following an explanation of the CPI, the first section analyzes the recent inflation experience by examining price movements of the goods and services components comprising the CPI. In the second section, these movements are combined with weights to show each component's actual contribution to the overall CPI change. The next section explains the recent revision in the measurement of home ownership in the CPI and compares performance of the old and new measures during the January-to-June 1983 overlap period when both were calculated. The early sections are useful not only for understanding the past inflation experience but also provide part of the basis for assessing prospects for future inflation. This is briefly covered in the last section.

CONSUMER PRICE INDEX

The Consumer Price Index (CPI) measures average change in prices, over time, in a fixed market basket of goods and services. Major components of this fixed market basket consist of food and beverages, housing, apparel and upkeep, transportation, medical care, entertainment, and other goods and services.

The market basket is fixed, in the following sense. The relative importance (Table 1) of a component is its expenditure weight expressed as a percentage of total expenditures for all items. When collected, the weights represent average annual expenditures, and their relative importance ratios show approximately how the index population distributes expenditures among components.

In January 1978, the Bureau of Labor Statistics (BLS) began publishing CPIs for two population groups: the CPI-U for 'All Urban Consumers,' which covers about 80 percent of the total noninstitutional civilian population; and the revised CPI-W for 'Urban Wage Earners and Clerical Workers,' which represents about half the population covered by the CPI-U. Relative importances differed in the two indexes and reflected the respective population's expenditure patterns. Table, text, and graphs in this article refer to the CPI-U.

In January 1983, BLS changed the method of measuring homeowner costs in the CPI-U (now identified as Old Series–OS) to rental equivalence (CPI-U). This new approach calculates homeowner costs of the shelter component, based on the implicit rent that owners would have to pay to rent the homes they own.

The old method (CPI-U [OS]) calculated homeowner costs as home purchase, mortgage interest costs, property taxes, property insurance, and maintenance and repair. This change in concept resulted in a change in the relative importances, as can be seen in Table 1, and will be discussed later.

COMPONENT PRICE MOVEMENTS

Graph I shows the changes in prices over 12-month periods ending with the points along the horizontal axis (e.g., the left end of the solid line shows the trend in the all items index and indicates that the January 1978 to January 1979 overall price increase was just more than 9 percent). Plotting 12-month changes, rather than month-to-month changes, smooths the curves and makes trends easier to identify. When analyzing the graph, it is important to keep in mind that the curves map changes in prices and that downward sloping curves mean that prices were still increasing, but at slower rates.

The peak for transportation in March 1980 clearly stands out. The refiner acquisition cost of imported crude oil rose from $16.41 per barrel to $33.42 per barrel during the previous 12 months [1]. This change was quickly translated into retail gaso-

(Continued on page 2)

TABLE I
Relative Importance, CPI-U and
CPI-U (Old Series), December 1982

Index Title	CPI-U Relative Importance	CPI-U (Old Series) Relative Importance
All Items	100.000	100.000
Food and beverage	20.069	17.418
Housing	37.721	45.948
Shelter	21.339	31.472
Renters' costs	6.932	6.016
Homeowners' costs	13.881	21.885
Maintenance and repairs	0.526	3.570
Fuel and other utilities	8.377	7.270
Household furnishings and operations	8.005	7.206
Apparel and upkeep	5.205	4.517
Transportation	21.791	18.912
Medical care	5.995	5.203
Entertainment	4.206	3.651
Other goods and services	5.014	4.351

(Continued from page 1)

line price increases that were responsible for the peak 23 percent 12-month increase in transportation costs shown in Graph 1. Although gasoline prices moved the transportation index in 1979 and 1980, more than half of the price gains in this component in 1981 were due to hikes in new and used car prices. In 1982, actual decreases in gasoline prices partially offset the effect of additional car price increases on the transportation index.

The housing component followed a similar pattern, but not quite as volatilely. The 1979 and 1980 trends in the housing index were due to both increases in home purchase prices and finance costs, with the latter contributing more to the increase. During 1981, the component was driven almost entirely by increases in finance costs, but, by 1982, these costs were actually declining and offsetting home purchase prices that were increasing more rapidly than in 1981.

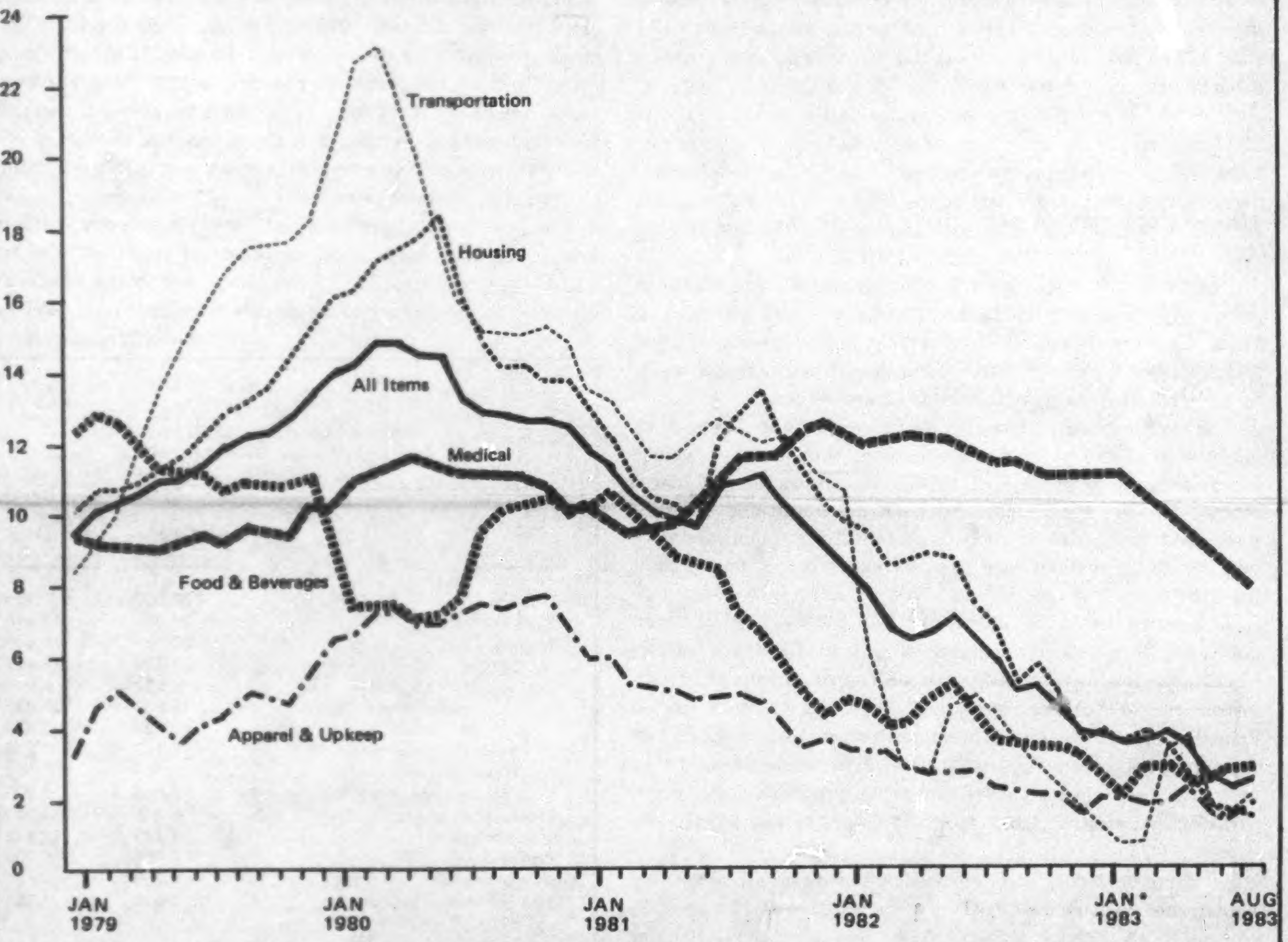
The price movements of the medical and food components appear to move somewhat independently from the all items index. While the transportation and housing component increases were reaching peaks in 1980, increases in food prices were slowing down. During the last two years, however, the trend in food prices has more closely followed changes for the all items CPI-U. Medical costs have increased at about the same rate over the five-year period and show little relationship to the overall index.

Apparel and upkeep prices have followed the trend of the all items price increases during the whole period. The increases were much smaller, though, remaining below any other component, nearly all of the period.

COMPONENT CONTRIBUTIONS TO INFLATION

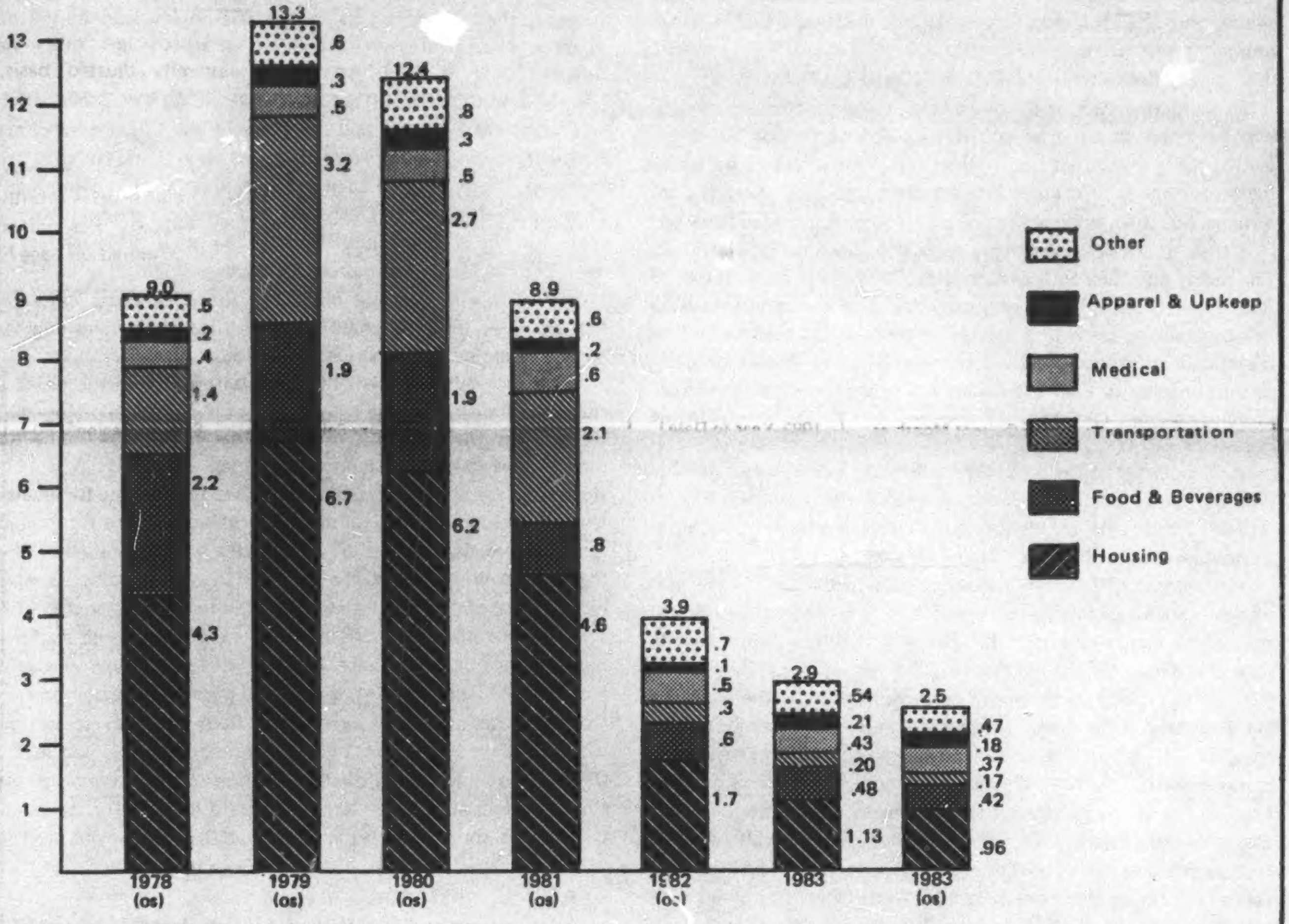
Because the 'all items' CPI index is comprised of components, its movement depends both on the price increases for each component, as well as the relative weights given each when calculating the index. The same is true of the movement of each component, which is, in turn, made up of subcomponents (e.g., transportation comprised of new car, used car, gasoline maintenance, and public transportation prices, each having a different weight). Graph 2 combines relative weights shown in Table 1, with price change

GRAPH 1
TWELVE-MONTH CHANGES IN CPI-U COMPONENTS (PERCENT)



*CPI-U with rental equivalence measure of homeownership after December 1982.

GRAPH 2
COMPONENT CONTRIBUTION TO THE INCREASE IN THE ALL ITEMS CONSUMER PRICE INDEX (CPI-U)



(Continued from page 2)

information shown in Graph 1 to show component contributions to the increase in the overall price level.

Price movements for the housing component were given 38 percent of the weight (Table 1) in calculating the all items CPI-U (OS). Food and beverage received just over 20 percent, as did transportation. Each of the others received about 5 percent (entertainment is combined with 'other goods and services').

Transportation costs increased 18 percent in 1979, and housing costs increased 15 percent. Because of the difference in weighting, however, transportation contributed 3.2 percentage points to the 13.3 percent increase in the all items index, whereas housing was responsible for half of the overall increase, contributing 6.7 percentage points. Gasoline hikes were responsible for more than two of the transportation percentage points. For the housing component, finance costs (actually finance, taxes, and insurance) contributed more than two and one-half points, home purchase more than one and one-half points, and all other housing subcomponents [2] the rest. The pattern of price increases in 1980 was a virtual repeat of the 1979 record, although hikes in car prices (both new and used) contributed relatively more and gasoline somewhat less than in the previous year.

Price increases were less in 1981, but their pattern was again similar to the two previous years. By 1981, gasoline price increases were responsible for only one-half of a percentage point contribution to the overall 8.9 percent increase in the all items index. However, the transportation component still contributed 2.1 percentage points, due to price increases in the other subcomponents (car price increases made up about one-half of the transportation increase after accounting for gasoline). The housing component was responsible for more than half of the overall increase, with finance, insurance, and tax increases contributing more than 2 points.

The inflation experience in 1982 represented a dramatic departure from the previous three years--both in overall level and also in relative contribution. While gasoline price increases had boosted the transportation component and finance costs moved the housing component, these two subcomponents showed actual price decreases in 1982. These declines offset the contribution of

(Continued on page 6)

Review and Outlook

Nebraska's net physical volume index improved 1.1 percent in July 1983, compared with the previous month. The increase was led by the nonagriculture sector which recorded a 2.8 percent increase on a month-to-month basis.

The agriculture component of Nebraska's economy recorded a 9.5 percent decrease, according to the Bureau of Business Research's net physical volume index. July's cash farm marketings totaled $368 million in Nebraska, down $88 million from July 1982. On a seasonally-adjusted basis, Nebraska cash farm marketings were down $185 million, when compared with June of 1983. Nebraska cash farm marketings have followed a national trend. The July 1983 marketings nationally were the lowest since February 1978.

Prices received by Nebraska agriculture producers improved 1.3 percent on a month-to-month seasonally adjusted basis. When compared with one year previous, agriculture prices were down 3.2 percent.

All sectors of Nebraska's nonagriculture economy improved in July. Construction recorded a 4.1 percent gain on a month-to-month basis. Nebraska's construction industry has gained steadily since February 1983.

(Continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

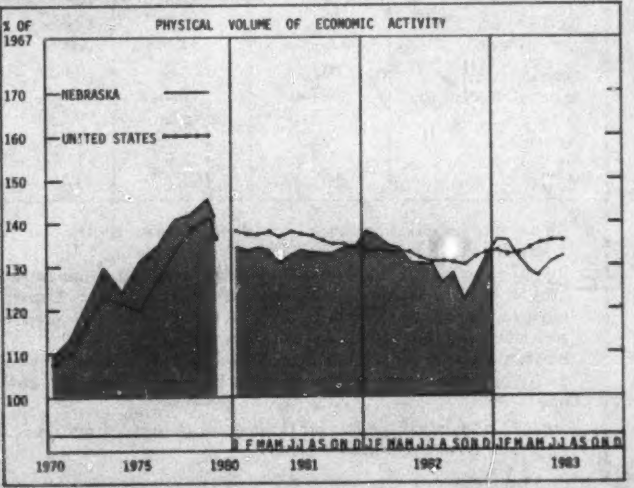
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

JULY 1983	Current Month as Percent of Same Month Previous Year		1983 Year to Date as Percent of 1982 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	103.6	105.8	101.8	104.4
Agricultural	87.4	71.0	94.5	96.0
Nonagricultural	105.9	106.8	102.9	104.6
Construction	130.5	116.0	109.6	110.2
Manufacturing	99.4	102.5	91.0	95.7
Distributive	105.8	108.0	105.0	107.4
Government	108.5	105.9	107.8	106.8
Physical Volume	100.9	103.2	98.5	101.0
Agricultural	90.3	74.3	95.9	97.5
Nonagricultural	102.6	104.1	99.0	101.1
Construction	127.4	113.2	107.7	108.3
Manufacturing	98.7	101.6	90.0	95.0
Distributive	103.3	105.4	101.6	104.0
Government	100.5	101.0	99.4	99.4

2. CHANGE FROM 1967

Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	371.3	385.6
Agricultural	295.8	225.9
Nonagricultural	382.5	390.8
Construction	276.1	356.4
Manufacturing	317.7	297.5
Distributive	413.1	443.8
Government	401.5	399.6
Physical Volume	132.0	136.3
Agricultural	121.7	95.3
Nonagricultural	133.5	137.7
Construction	81.7	105.5
Manufacturing	131.2	119.9
Distributive	138.0	148.3
Government	144.1	147.2

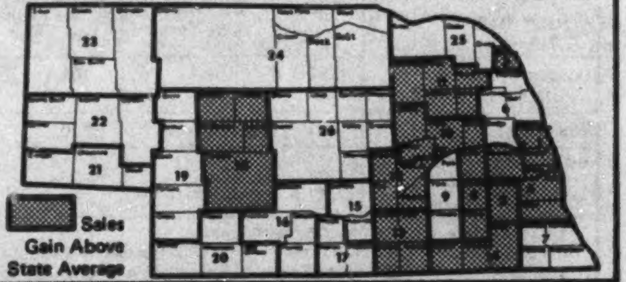

PHYSICAL VOLUME OF ECONOMIC ACTIVITY

3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES

Region Number and City	City Sales*	Sales in Region*	
	July 1983 as percent of July 1982	July 1983 as percent of July 1982	year-to-date '83 as percent of year-to-date '82
The State	95.0	96.9	102.8
1 Omaha	101.2	103.0	105.0
Bellevue	97.8		
Blair	87.8		
2 Lincoln	98.3	99.0	105.7
3 So. Sioux City	107.9	110.6	104.5
4 Nebraska City	90.9	91.7	103.1
6 Fremont	94.2	94.8	102.0
West Point	97.1		
7 Falls City	95.8	91.7	101.0
8 Seward	82.1	91.5	103.3
9 York	84.0	89.8	101.1
10 Columbus	89.9	93.1	103.9
11 Norfolk	97.5	98.2	104.5
Wayne	94.7		
12 Grand Island	92.8	95.2	103.7
13 Hastings	92.0	96.1	103.5
14 Beatrice	92.0	96.5	105.7
Fairbury	103.4		
15 Kearney	95.7	94.9	101.9
16 Lexington	96.8	94.9	100.5
17 Holdrege	78.0	83.2	97.4
18 North Platte	92.4	95.0	104.8
19 Ogallala	92.1	92.6	98.8
20 McCook	84.1	83.6	101.6
21 Sidney	88.8	90.9	94.1
Kimball	86.6		
22 Scottsbluff/Gering	93.7	92.6	98.6
23 Alliance	85.8	90.2	101.1
Chadron	89.1		
24 O'Neill	90.9	95.8	96.8
25 Hartington	76.2	88.0	101.2
26 Broken Bow	92.6	93.9	102.1

*State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Regional totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.

1983 YEAR TO DATE AS PERCENT OF 1982 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(Continued from page 4) The Bureau of Business Research's index for construction in July 1983 was well above July 1982's reading, and almost identical to that recorded in 1981.

Nebraska's manufacturing sector recorded a 2.0 percent gain on a month-to-month basis. Output from Nebraska's manufacturing sector is about at the same level where it was one year ago. When compared to July 1981, however, output from Nebraska's manufacturing sector was off almost 20 percent.

The distributive trade sector recorded a 2.6 percent gain, June-July 1983. Nebraska's distributive trade is slightly above one or two year ago levels. Output from this area has moved up steadily since April 1983.

The government component of the index increased 4.0 percent on a month-to-month basis. The government component of the index is virtually unchanged from one or two years ago.

Nebraska's retail sales slipped a bit in July 1983, when compared with the same month one year ago. Motor vehicle sales recorded a strong increase, but nonmotor vehicle sales declined slightly. Motor vehicle sales totaled $82.6 million in July 1983, compared with $79.9 million one year ago. Nonmotor vehicle sales totaled $668 million in July 1983, compared with $704 million in July 1982.

The commodity component of the consumer price index was up 2.3 percent on an annual basis in July 1983. When adjustments are made for price changes, motor vehicle sales were up 14.0 percent (16.6 percent in current dollars). Nonmotor vehicle sales were down 7.1 percent in real terms (down 5.0 percent in current terms).

The economic recovery which appears to be taking hold in Nebraska is widespread across the state. Broken Bow led all Nebraska communities with its city business index up 4.1 percent. South Sioux City's city business index recorded a 3.8 percent increase. Across the state at Alliance, the index was up 2.4 percent, while Omaha's index was up 2.3 percent. Bellevue recorded a 2.2 percent increase and Chadron a 1.8 percent increase in their city business indexes.

Economic conditions are expected to slowly improve through mid-1984 in Nebraska. Personal income could increase as much as 3 to 5 percent in real terms during this interval.

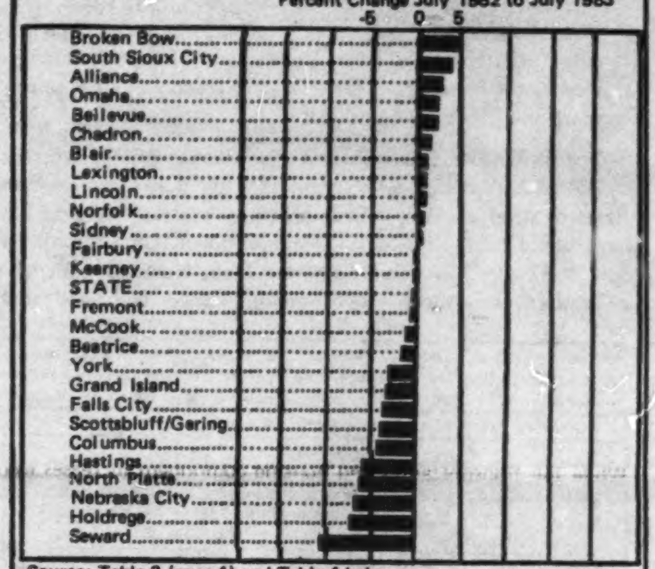
D.E.P.

5. PRICE INDEXES

JULY 1983	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	299.3	102.4	103.3
Commodity component	272.5	102.3	103.0
Wholesale Prices	303.2	100.9	100.9
Agricultural Prices			
United States	237.0	95.6	98.4
Nebraska	243.0	96.8	98.5

*Using arithmetic average of monthly indexes.
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

CITY BUSINESS INDEX
Percent Change July 1982 to July 1983



Source: Table 3 (page 4) and Table 4 below.

4. JULY 1983 CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Employment[1]	Building Activity[2]	Power Consumption[3]
The State	102.2	137.7	104.4
Alliance	103.9	505.7	152.2
Beatrice	102.7	123.4	100.4
Bellevue	102.5	186.6	122.4
Blair	105.2	305.2	102.0
Broken Bow	104.7	364.9	106.5
Chadron	100.6	448.7	81.0
Columbus	102.7	91.8	101.6
Fairbury	102.8	66.3	103.0
Falls City	102.2	64.2	90.0
Fremont	107.7	86.3	90.9*
Grand Island	104.0	78.1	105.7
Hastings	97.8	81.4	95.1
Holdrege	106.5	102.1	101.3
Kearney	104.6	111.3	100.6
Lexington	105.0	121.9	76.1
Lincoln	98.9	185.5	100.8
McCook	110.4	152.3	98.9
Nebraska City	102.8	47.3	104.1
Norfolk	101.1	156.3	131.9
North Platte	92.5	123.0	99.1
Omaha	102.3	142.8	105.3
Scottsbluff/Gering	102.2	72.3	101.3
Seward	103.4	46.9	100.3
Sidney	105.7	215.1	94.9
So. Sioux City	99.5	137.6	111.0
York	105.0	162.3	97.3

[1] As a proxy for city employment, total employment for the county in which a city is located is used.

[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

(Continued from page 4)

the respective components and tempered the increase in the overall price level. Gasoline price declines made the index .4 percentage points less than what it would have been had gasoline prices simply not changed, and finance charge declines made it about one-half point less.

CHANGE IN MEASURING INFLATION

In January 1983, the homeowner component measurement was switched to a rental equivalence approach. The old series (CPI-U [OS]) measured homeownership price increases by tracking house prices, mortgage interest rates, property taxes and insurance and maintenance costs. This treatment included both service flow and asset investment aspects of housing expenditures. The rental equivalence approach measures only price increases of flow of services that housing provides to homeowners; it does this by tracking rents of a sample of rental units considered representative of owner-occupied houses [3]. The impact on component weights is shown in Table 1. The weight of homeowners' costs in the new CPI-U is just over one-half of the weight in the old series CPI-U (OS). House prices and mortgage interest rates are not included and will not affect the new index—other than indirectly—as a result of impact on rents. While homeowner costs receive a relatively smaller weight in the new series, the other components necessarily have larger weights.

The Bureau of Labor Statistics calculated the CPI, using each of the homeownership measurements for a six-month overlap period which ended in June 1983. Graph 2's last two columns compare the two series' performance. The far right column (CPI-U [OS]) shows each component's contribution under the old housing treatment. The other shows the component contribution to the new CPI-U with the rental equivalence approach of measuring homeownership costs. Each shows the annual inflation contribution of the components comprising the index and are based on the seasonally-adjusted performance over the first half of 1983. During this time, small decreases in financing costs offset small increases in house purchase prices so that—when combined with other housing subcomponents—net housing contribution was less than one percentage point added to the all items increase in the CPI-U (OS).

The price level of the homeownership subcomponent of housing in the new CPI-U showed seasonally-adjusted annual gains during the first half of 1983 that were about twice as large as those of the corresponding subcomponent in the old series. Because of the smaller weight, these price increases – combined with other housing subcomponents – added 1.13 percentage points to the new index. Although the price changes for each of the nonhousing components were the same in the old and new indexes, their contribution to the overall increase in the new index was larger since they received a larger weight in the new index.

CONCLUSIONS AND IMPLICATIONS

During the past five and a half years, the CPI-U's transportation and housing components displayed large fluctuations in price increases, more extreme than increases in the other components. Because of this and the large weights given the components, increases in the all items index followed a similar, although less volatile, course. Major sources of the extreme fluctuation in the two components were gasoline prices and mortgage rates. Indexes of the prices of these subcomponents showed rapid gains and then registered actual declines over the period.

With the new treatment of homeownership (mortgage interest rates and home purchase prices are not included), a major source of the steep fluctuation in the Consumer Price Index has been removed. Based on the six-month overlap experience when both treatments of homeownership were used to calculate CPI indexes and on the immediate outlook for relatively stable mortgage rates, it is likely the new all items index will show slightly larger increases over the next few months than the old series would have. This is consistent with the expectation of greater stability in the measure of price increases—new series' highs will not be as high as the old series, nor new series' lows as low as the old increases. To some extent, this should provide little comfort. The United States may still experience sharp increases in mortgage rates or house prices during some future period; it is just that the CPI will not track them directly. Optimism about the transportation component is real. Barring a world market disruption, this component should display greater stability during the next few years, compared to the past record shown here.

References and Notes

1. Energy Information Administration, U. S. Department of Energy, *Monthly Energy Review* (Washington, D. C.: GPO, August 1980), p. 72.
2. Maintenance and repairs, fuel and other utilities, household furnishing and operations.
3. For a more detailed discussion of this change, see R. Gillingham and W. Lane, 'Changing the Treatment of Homeownership in the CPI,' *Monthly Labor Review* 105, No. 6 (June 1982), p. 9.

D. O. L.

UNL news

Published once in June and July; twice in Feb., May, Aug., Sept., Nov., and Dec.; three times in Jan. and Mar.; and four times in Apr. and Oct. by the University of Nebraska–Lincoln, Dept. of Publications Services & Control, 209 Nebraska Hall, Lincoln, NE 68588-0524. Second-Class Postage Paid at Lincoln, NE. POSTMASTER: Send address changes to UNL News, Dept. of Publications Services & Control, 209 Nebraska Hall, University of Nebraska–Lincoln, Lincoln, NE 68588-0524

BUSINESS IN NEBRASKA
PREPARED BY BUREAU OF BUSINESS RESEARCH
Member, Association for University Business & Economic Research

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No. 470 **November 1983**

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12/21/83 U7860-1 A

Business in Nebraska

Prepared by the Bureau of Business Research
College of Business Administration

PERSONAL INCOME: NEBRASKA AND THE PLAINS STATES

Personal income has been used to examine the state's overall economic performance and well-being. For example, in the October issue of *Business in Nebraska*, the variations and trend of Nebraska's personal income were reviewed and compared with those of the United States. That article showed that Nebraska's personal income moved nearly simultaneously with the national level, but the fluctuations were larger. This current article will review personal income for Nebraska as it compares with the surrounding states and will examine, in detail, the structure of the state's economy.

HISTORICAL COMPARISONS

To provide an historical perspective, Table 1 presents total and per capita personal income for the seven Plains states for the years 1969, 1979, and 1982. The Bureau of Economic Analysis (BEA), which prepares the personal income data, has divided the nation into eight regions. Nebraska lies in the Plains region, along with Iowa, Kansas, Minnesota, Missouri, North Dakota, and South Dakota. As the data indicate, these states vary considerably by size of income. In 1982, Nebraska's income of $16.9 billion ranked fifth in the Plains — approximately one-third as large as the largest state (Missouri) and two and one half times larger than the smallest state (South Dakota).

The absolute size of personal incomes, however, does not allow for meaningful comparisons among states. Comparisons of the relative levels of economic well-being at the state level can best be achieved by analyzing the levels of per capita personal income and rates of change in personal income.

Between 1969 and 1979 Nebraska's income grew at an annual rate of 9.9 percent, approximately equal to the 10.0 percentage increase of both the Plains and the United States. Between 1979 and 1982, however, the rate dropped to 7.8 percent, considerably lower than the national average increase of 9.8 percent and somewhat below the Plains growth of 8.3 percent.

The overall annual growth for Nebraska during the thirteen-year period from 1969 to 1982 was 9.4 percent. This rate ranked fourth in the Plains states. The range was 10.7 for North Dakota, as a result of its energy boom, and 9.1 for both Iowa and Missouri because of their relatively heavy reliance on recession-impacted manufacturing.

Another method to account for varying sizes in the economies is to focus on personal income per capita. Using this measure, Nebraska's 1982 per capita income of $10,683 ranked fifth among the Plains states and was 96 percent of the national average. For 1969, Nebraska's per capita income ranked third and was 96 percent of the national average. The state's per capita income in 1979 was

(continued on page 2)

TABLE 1

Total and Per Capita Personal Income for the Plains States, 1969, 1979, 1982

	Total Personal Income						Per Capital Personal Income					
	1969 ($ millions)	1979 ($ millions)	1982 ($ millions)	Annual Percentage Change 1969-79	1979-82	1969-82	1969 ($)	1979 ($)	1982 ($)	Ratio to U.S. 1969	1979	1982
Iowa (IA)	10,068	25,704	31,347	9.8	6.8	9.1	3,586	8,812	10,791	0.97	1.02	0.97
Kansas (KS)	7,878	21,782	28,325	10.7	9.2	10.3	3,523	9,279	11,765	0.95	1.07	1.06
Minnesota (MN)	13,664	35,935	46,184	10.1	8.7	9.8	3,636	8,899	11,175	0.98	1.03	1.01
Missouri (MO)	16,063	39,921	50,346	9.5	8.0	9.1	3,462	8,165	10,170	0.93	0.94	0.92
NEBRASKA (NE)	5,248	13,506	16,939	9.9	7.8	9.4	3,560	8,633	10,683	0.96	1.00	0.96
North Dakota (ND)	1,948	5,266	7,287	10.5	11.4	10.7	3,136	8,074	10,876	0.84	0.93	0.98
South Dakota (SD)	1,957	5,154	6,675	10.2	9.0	9.9	2,930	7,480	9,666	0.79	0.86	0.87
Plains	56,816	147,267	187,104	10.0	8.3	9.6	3,507	8,614	10,789	0.94	1.00	0.97
United States	747,536	1,943,983	2,571,592	10.0	9.8	10.0	3,714	8,657	11,107	1.00	1.00	1.00

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, August 1983.

(continued from page 1)

approximately equal to the nation's, but fourth among the states in the region.

For all three time periods (1969, 1979, and 1982), the average per capita income for the Plains region was below that of the nation. South Dakota consistently had the lowest values, but showed steady improvement. In 1969, Minnesota was the leading state but was replaced by Kansas in 1979 and 1982.

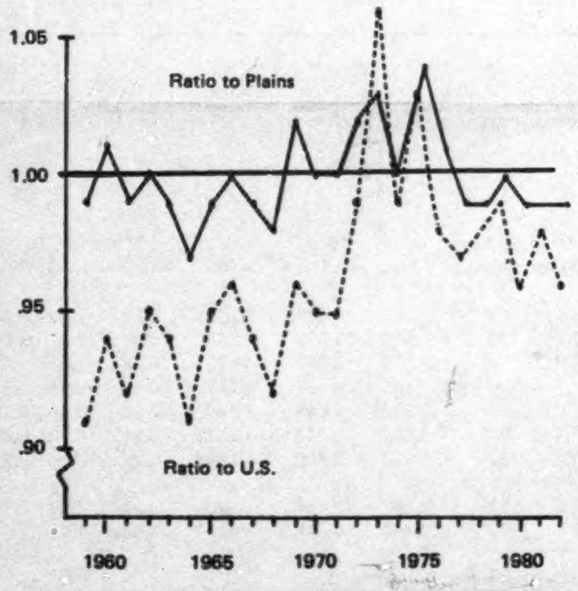
From Table 1 and the preceding discussion it appears that the overall measures of economic performance for Nebraska are quite similar to the Plains region and slightly less than those of the nation. However, only three years were compared. Figure 1 adds more years and a broader historical perspective by comparing Nebraska's per capita income to national and regional per capita incomes for all years from 1959 to 1982.

Two general observations can be made from Figure 1. First, per capita income for Nebraska typically has been between 90 and 100 percent of the national value. Second, Nebraska's value has fluctuated around 100 percent of the average for the Plains region. Also, from the chart it can be seen that the 1960s and 1970s were distinctly different periods for the state. During the 1960s, Nebraska's per capita income averaged 94 percent of the U.S. average and 99 percent of the Plains. In the 1970s these numbers rose to 99 percent of the U.S. and 101 percent of the Plains averages.

This decade gain appears to be part of a trend that began in the 1930s (the first years for which data are available). The average ratios of Nebraska per capita income to U.S. per capita income are: 1930s, 76 percent; 1940s, 91 percent; and 1950s, 94 percent. From this, it can be seen that Nebraska's economy has been growing at a faster pace than the nation's. Some of this could be explained by the broadening of the state's economic base and will be discussed in greater detail later.

FIGURE 1

Ratio of Nebraska Per Capita
Personal Income to U.S. and Plains



It must be remembered that although per capita personal income allows for comparisons of economic performance among states, it does not adequately address the differences in economic well-being of the citizens of each state. For example, there will be varying rates of taxes and varying costs of living which will affect economic well-being.

In addition to per capita personal income, BEA calculates per capita disposable personal income; that is, personal income less personal tax and other nontax payments to government agencies that are convenient to treat as taxes. After these deletions are made, the state's ratio to the nation increases by one to one and one-half percentage points, and the state's ratio to the Plains region increases by about one-half percentage point. This results in a more favorable relation to the U.S., leading to an average ratio of 100 percent during the 1970s. At the same time, Nebraska's per capita disposable income rose to levels nearly two percent greater than the region as a whole. Although costs of living for Nebraska are not known, if they were less for the state than for the nation, Nebraska's relative positions would improve further.

COMPOSITION OF PERSONAL INCOME

Personal income is the current income received by all persons from all sources. It consists of net earnings (labor and proprietors' income) by place of residence; dividends, interest, and rent; and transfer payments. Table 2 presents personal income and its major components for 1982. The current dollar values for each sector are listed in column 1, while column 2 contains those amounts expressed as percentages of Nebraska's total personal income. These percentages are then divided by the comparable percentages for the nation and for the Plains region, and the results are shown in columns 3 and 4. (A value greater than one indicates that the sector is relatively larger for Nebraska than for the U.S. or region, and vice versa for a value less than one.) The final two columns in the table allow for direct comparison with other states in the Plains region by indicating the values of the states with the largest and the smallest relative shares.

For example, the $10,799 million in earnings in Nebraska was the largest sector and represented 63.8 percent of the total income. However, the U.S. and the region both receive a larger share of their incomes in this form, as evidenced by respective ratios of .956 and .979. It can be seen that Minnesota led the region with 68.5 percent of its income resulting from earnings, and South Dakota trailed with 60.6 percent. Nebraska, therefore, fell somewhere near the middle of this range. Table 2 shows, that of the two remaining components of income, Nebraska receives relatively more income from dividends, interest, and rent; but receives relatively less from transfer payments (a reflection of lower unemployment rates).

(continued on page 6)

TABLE 2
1982 Personal Income Sources

	Nebraska ($ million)	Percentage of Income	Ratio to U.S.*	Ratio to Plains*	Highest State**	Lowest State**
Total personal income by place of residence	16,939					
Net earnings by place of residence	10,799	63.8	.956	.979	68.5 (MN)	60.0 (SD)
Dividends, interest, and rent	3,914	23.1	1.232	1.104	24.6 (SD)	18.5 (MN)
Transfer payments	2,225	13.1	.902	.942	15.5 (MO)	12.8 (ND)

TABLE 3
1982 Personal Earnings Sources

	Nebraska ($ million)	Percentage of Earnings	Ratio to U.S.*	Ratio to Plains*	Highest State**	Lowest State**
Total Personal Earnings by Place of Work	11,769					
by Type						
Wage and salary disbursements	9,414	80.0	.936	.983	85.6 (MO)	71.7 (SD)
Other Labor income	882	7.5	.875	.915	8.7 (MO)	6.0 (ND)
Farm proprietors' income	723	6.1	5.321	1.456	14.4 (SD)	0.8 (MO)
Nonfarm proprietors' income	750	6.4	1.331	1.031	9.9 (ND)	4.8 (MN)
by Industry						
Farm	963	8.2	4.465	1.529	16.7 (SD)	1.3 (MO)
Ag services, forestry, and fisheries	44	0.4	0.914	1.143	0.4 (SD)	0.3 (MO)
Mining	49	0.4	0.204	0.349	5.8 (ND)	0.2 (IA)
Construction	569	4.8	0.917	0.938	8.2 (ND)	4.4 (SD)
Manufacturing	1,824	15.5	0.636	0.690	25.3 (MN)	5.8 (ND)
Nondurable goods	904	7.7	0.853	0.848	10.2 (MO)	3.1 (ND)
Food and kindred products	561	4.8	2.489	1.363	5.3 (IA)	1.8 (ND)
Printing and publishing	131	1.1	0.785	0.648	2.1 (MN)	0.7 (ND)
Durable goods	924	7.9	0.509	0.584	15.4 (IA)	2.7 (ND)
Fabricated metal products	140	1.2	0.640	0.673	2.6 (MN)	0.3 (ND)
Machinery, except electrical	257	2.2	0.671	0.548	7.1 (IA)	1.4 (ND)
Electric and electronic equipment	180	1.5	0.589	0.812	2.8 (MO)	0.1 (ND)
Transportation and public utilities	1,275	10.8	1.369	1.199	10.8 (NE)	7.2 (IA)
Railroad transportation	438	3.7	5.173	2.445	3.7 (NE)	0.7 (SD)
Trucking and warehousing	287	2.4	1.463	1.066	2.6 (SD)	1.8 (IA)
Communication	349	3.0	1.226	1.352	3.0 (NE)	1.7 (IA)
Electric, gas and sanitary services	127	1.1	0.725	0.660	3.6 (ND)	1.1 (NE)
Wholesale Trade	996	8.5	1.229	1.040	9.2 (ND)	7.4 (SD)
Retail Trade	1,138	9.7	1.028	1.001	10.2 (SD)	9.2 (KS)
Finance, insurance and real estate	815	6.9	1.124	1.189	6.9 (NE)	4.6 (ND)
Banking	201	1.7	0.993	1.066	2.0 (SD)	1.5 (KS)
Other finance, insurance, and real estate	614	5.2	1.175	1.236	5.2 (NE)	3.1 (ND)
Services	1,883	16.0	0.855	0.939	18.5 (MO)	15.7 (KS)
Business services	240	2.0	0.637	0.927	2.6 (MO)	1.2 (ND)
Health services	768	6.5	1.013	0.932	8.2 (ND)	6.5 (NE)
Legal services	117	1.0	0.780	0.971	1.2 (IA)	0.8 (SD)
Government	2,211	18.8	1.109	1.191	19.8 (SD)	14.9 (MN)
Federal, civilian	359	3.1	0.788	0.992	5.0 (SD)	2.1 (IA)
Federal, military	292	2.5	1.407	2.026	3.9 (ND)	0.2 (IA)
State and local	1,560	13.3	1.173	1.156	13.3 (NE)	9.7 (MO)

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* Ratios are calculated by dividing the Nebraska percentages by the appropriate U.S. or Plains percentage. A value less than 1 shows a relative underrepresentation, and a value greater than 1 shows a relative overrepresentation.

** These columns show the states in the Plains Region which have the highest and lowest percentages from the appropriate income source.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, August 1983.

Review and Outlook

Net physical output of the Nebraska economy increased 1.9 percent from the previous month in August 1983. The increase was broad-based with all sectors recording gains with the exception of the government component.

The agriculture sector recorded a 0.7 percent increase on a month-to-month basis. August cash farm marketings totaled $474 million. Prices received for agriculture commodities were up 1.6 percent in Nebraska, 5.8 percent nationally.

Recovery continues in the state's construction industry. Output from the construction sector recorded a 3.6 percent increase in August. The August increase marks the sixth consecutive monthly gain for construction. The Bureau of Business Research's index for the construction industry is now above levels recorded two years ago.

Output from Nebraska's manufacturing sector recorded a sharp 4.8 percent increase on a month-to-month basis. The index now stands at 138.0 (1967 = 100). It is above one year ago levels, but still remains well below August 1981 levels (158.2).

The state's manufacturing sector has made a partial recovery although output remains below peak levels reached prior to the recession. The index has improved month by month, with one exception, after reaching a bottom in February 1983 at 120.9.

The economic expansion is expected to continue through 1984, which will undoubtedly

(continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

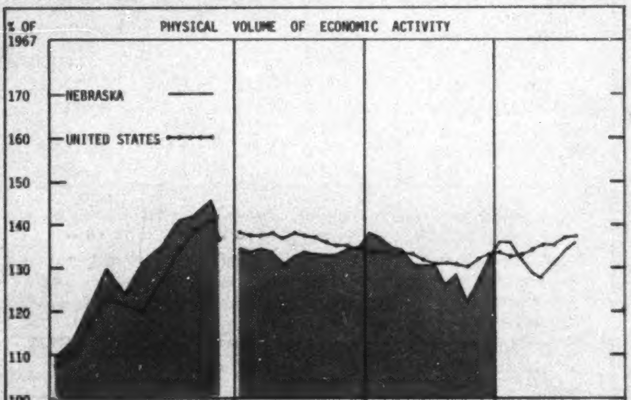
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

August 1983	Current Month as Percent of Same Month Previous Year		1983 Year to Date as Percent of 1982 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	111.2	106.8	103.0	104.7
Agricultural	104.8	104.3	96.3	100.2
Nonagricultural	112.1	106.9	104.1	104.8
Construction	138.9	119.2	113.3	111.7
Manufacturing	105.3	105.2	92.7	96.9
Distributive	113.5	106.5	106.0	107.1
Government	108.3	107.9	108.1	107.0
Physical Volume	108.0	103.8	99.8	101.4
Agricultural	104.8	99.8	97.6	101.0
Nonagricultural	108.5	103.9	100.2	101.4
Construction	138.0	118.5	112.8	111.2
Manufacturing	104.1	104.0	91.7	96.1
Distributive	110.6	103.8	102.7	103.8
Government	100.8	100.3	99.7	99.5

2. CHANGE FROM 1967

Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	384.7	389.7
Agricultural	331.9	348.1
Nonagricultural	392.5	391.1
Construction	285.9	367.6
Manufacturing	335.4	302.8
Distributive	421.5	438.9
Government	408.1	405.7
Physical Volume	136.3	137.3
Agricultural	132.7	136.5
Nonagricultural	136.7	137.3
Construction	87.2	112.1
Manufacturing	138.0	121.6
Distributive	140.4	146.2
Government	145.7	146.4

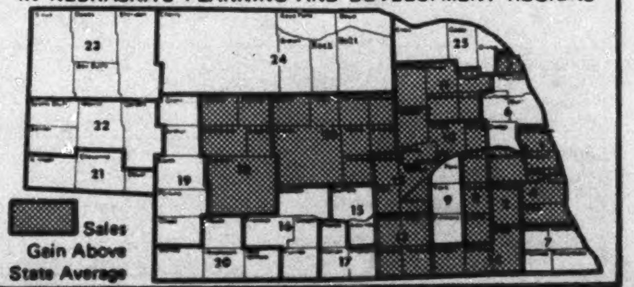


3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES

Region Number* and City	City Sales*	Sales in Region*	
	Aug. 1983 as percent of Aug. 1982	Aug. 1983 as percent of Aug. 1982	year-to-date 83 as percent of year-to-date 82
The State	95.2	98.9	101.3
1 Omaha	98.4	103.7	104.8
Bellevue	85.1		
Blair	92.5		
2 Lincoln	98.8	101.8	105.2
3 So. Sioux City	112.4	112.6	105.5
4 Nebraska City	76.6	97.2	102.3
6 Fremont	96.9	99.8	101.7
West Point	104.1		
7 Falls City	80.0	98.6	100.7
8 Seward	91.1	96.9	102.5
9 York	85.0	91.9	99.9
10 Columbus	90.0	96.3	102.9
11 Norfolk	92.9	96.5	103.5
Wayne	86.6		
12 Grand Island	88.8	95.5	102.6
13 Hastings	88.2	96.3	102.6
14 Beatrice	78.6	86.0	103.0
Fairbury	88.8		
15 Kearney	86.3	89.8	100.2
16 Lexington	99.1	95.3	99.9
17 Holdrege	84.3	93.5	96.9
18 North Platte	90.5	94.0	103.3
19 Ogallala	92.3	97.7	98.7
20 McCook	91.7	94.3	100.6
21 Sidney	98.6	99.8	94.8
Kimball	92.3		
22 Scottsbluff/Gering	93.7	101.2	93.9
23 Alliance	92.6	97.4	100.6
Chadron	93.4		
24 O'Neill	103.8	99.7	97.2
25 Hartington	100.8	92.1	100.0
26 Broken Bow	104.1	102.4	102.1

*State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Regional totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.

1983 YEAR TO DATE AS PERCENT OF 1982 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(continued from page 4)

benefit Nebraska's manufacturing sector. It remains an unanswered question at this point whether or not Nebraska's manufacturing sector will equal or exceed output levels during this recovery phase of the cycle equal to those attained in 1980 and 1981.

Output from Nebraska's distributive trade sector increased 1.7 percent in August 1983. This industry continues to expand and is above one and two years previous levels.

The government component of the index declined 0.2 percent on a month-to-month basis. This sector of the Nebraska economy changes very little and slowly.

Sidney and Broken Bow recorded the sharpest increases among 26 city business indexes calculated by the Bureau of Business Research. The index at Sidney was up 8.3 percent from one year ago while the index at Broken Bow was up 7.8 percent over the same period. Construction activity at Sidney, including a new plant, was important in moving Sidney to the top of the list of indexes compiled by the Bureau of Business Research. South Sioux City recorded an increase of 3.4 percent and Chadron 3.0 percent.

Total retail sales declined 1.1 percent in August 1983 compared with August 1982. When sales are adjusted for price changes, the decline in real retail sales was 3.7 percent. The commodity component of the Consumer Price Index used to make this adjustment increased 2.6 percent over the same interval.

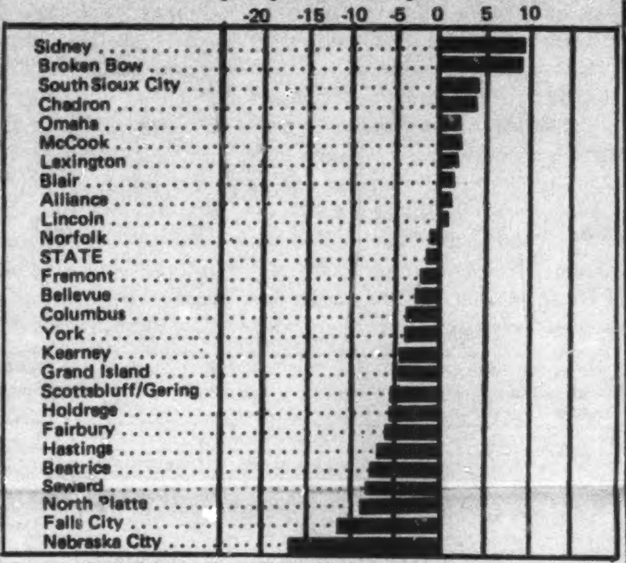
Motor vehicle sales continue strong in Nebraska. On a price unadjusted basis, motor vehicle sales were up 34.1 percent in August 1983 compared with the same period one year ago. When adjusted for price changes, the increase is a healthy 30.7 percent. The gain in automobile sales reflects a national trend of consumers purchasing durables. Automobiles and housing typically lead other industries when recovery begins and this recovery is no exception to that pattern.

Nonmotor vehicle sales were down 4.8 percent in August 1983. Adjusted for price changes, nonmotor vehicle sales were down 7.2 percent.

Communities with strong retail sales include South Sioux City, up 12.4 percent; Broken Bow, 4.1 percent; West Point, 4.1 percent; and O'Neill, 3.8 percent.

D.E.P.

CITY BUSINESS INDEXES
Percent Change August 1982 to August 1983



Source: Table 3 (page 4) and Table 4 below.

4. August 1983 CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Employment[1]	Building Activity[2]	Power Consumption[3]
The State	102.0	134.9	109.9
Alliance	102.5	223.8	117.4
Beatrice	101.9	157.5	93.5
Bellevue	103.6	215.8	111.9
Blair	103.4	217.7	106.8
Broken Bow	101.4	382.2	103.8
Chadron	99.6	439.0	121.2
Columbus	103.5	102.7	103.5
Fairbury	101.0	100.9	118.6
Falls City	99.5	78.8	101.8
Fremont	103.7	84.3	146.7*
Grand Island	104.0	86.9	104.2
Hastings	97.9	112.6	109.3
Holdrege	106.1	101.3	141.8
Kearney	105.1	99.0	109.3
Lexington	105.0	114.2	98.2
Lincoln	100.1	146.3	108.3
McCook	110.9	134.1	92.8
Nebraska City	101.4	31.1	118.7
Norfolk	101.4	191.7	123.1
North Platte	91.9	115.2	87.3
Omaha	103.4	146.1	109.1
Scottsbluff/Gering	101.7	65.5	128.3
Seward	100.9	55.3	117.7
Sidney	104.0	550.7	126.8
So. Sioux City	99.8	86.1	113.0
York	103.7	154.8	97.2

[1] As a proxy for city employment, total employment for the county in which a city is located is used.

[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

5. PRICE INDEXES

August 1983	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	300.3	102.6	103.2
Commodity component	273.4	102.6	103.0
Wholesale Prices	304.9	101.6	101.0
Agricultural Prices			
United States	255.0	104.5	99.2
Nebraska	250.0	100.0	98.7

*Using arithmetic average of monthly indexes.
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

(continued from page 2)

COMPOSITION OF PERSONAL EARNINGS

Table 2 shows the major components of personal income but does not give a detailed picture of the state's economy. As indicated in this table, the largest component of income is personal earnings — income that is earned or produced by labor and proprietors during a given year. Because it measures production, earnings data are available in considerable detail by industrial sector. Table 3 presents earnings by type and by industry in 1982 and is in the same format as Table 2. It should be noted that the total earnings figure in Table 3 is different than the one in Table 2 because it includes employer social security contributions and has not been adjusted to account for the fact that some people live in one state but work in another.

The type of earnings compares classes of income earners. Most of the state's earnings (80.0 percent) are in the form of wages and salaries, but that percentage is below the averages for both the nation and the region. On the other hand, both farm and nonfarm proprietors' incomes are relatively more important in Nebraska, reflecting a heavier reliance on agriculture and a relatively larger number of small businesses.

The remainder of Table 3 contains earnings data by the industry in which they were produced. It must be remembered that these figures measure direct production only, and are not meant to reflect total impacts of the individual sectors. Data are presented for each of the eleven major industrial groups and for each subgroup that accounts for 1.0 percent or more of total earnings.

In 1982, the farm sector accounted for 8.2 percent of the state's earnings. It is not surprising that this percentage is 4.5 times larger than the nation's, but the fact that it is 1.5 times larger than the Plains region shows that Nebraska relies more on agriculture than some of its neighboring states.

The next three sectors (agricultural services, forestry, and fisheries; mining; and construction) are relatively small and all are less significant in Nebraska than at the national level. Their respective percentages of earnings are 0.4 percent, 0.4 percent, and 4.8 percent. Of the sectors in Table 3, mining has the lowest ratio to the U.S. (0.2) and to the Plains (0.3).

Manufacturing provides 15.5 percent of the state's earnings, with an almost equal distribution between durable and nondurable goods. The major subsector is food processing, accounting for 4.8 percent of total earnings. This 4.8 percent in food processing is 2.5 times as large as that for the U.S. and 1.4 times as large as the Plains' percentage. Nebraska does not lead the Plains in any of the listed manufacturing categories and, for the most part, falls well below the national rates.

The 10.8 percent of earnings originating from transportation and public utilities (TCU) leads the region. Within the TCU sector, Nebraska leads the region in railroad transportation and communication, but lags the region in electric, gas, and sanitary services. The relatively low percentage in the latter area is due to the fact that all electricity in Nebraska is provided publicly and, therefore, falls under state and local government. The importance of railroad transportation to Nebraska is underscored by the fact that its percentage is 5 times as large when compared to the U.S. and 2.5 times as large when compared to the region.

The two trade sectors account for a total of 18.2 percent of the state's earnings. Individually they rank above both the U.S. and the Plains.

Nebraska leads the Plains region in finance, insurance, and real estate (FIRE) with 6.9 percent of earnings coming from this sector. The probable reason for this is because Nebraska is the national or regional office of several major insurance companies. Table 3 shows that Nebraska's 6.9 percent is slightly higher than that of the nation.

Services is the state's second largest sector, accounting for 16.0 percent of earnings. Overall, this sector falls below both national and regional values. Health services is the most significant component in this sector. In fact, its 6.5 percent is only slightly less than the value for the entire FIRE sector. Compared to the other states in the region, however, health services in Nebraska represent the smallest source of earnings.

The state's biggest sector, with 18.8 percent of its earnings, is government. The major reason for this is the region-leading state and local government component, but it must be remembered that this value is overstated because of the inclusion of electric utilities. Another interesting facet of government earnings in Nebraska is the relative size of the military subsector (Offutt Air Base), which is 1.4 times as large as the nation and twice as large as the region.

J.A.D.

BUSINESS IN NEBRASKA
PREPARED BY BUREAU OF BUSINESS RESEARCH
Member, Association for University Business & Economic Research
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No. ~~470~~ 471 ~~November~~ December 1983
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Business in Nebraska

January, 1984

Prepared by the Bureau of Business Research
College of Business Administration

ELEMENTARY AND SECONDARY EDUCATION FINANCING

Spending for elementary and secondary education in Nebraska was $684 million in 1981/82. Local taxes accounted for $478 million (70.0 percent), state aid $16 million (24.0 percent), and federal aid $44 million (6.0 percent) (Table 1). State aid to education is an important and controversial funding component of elementary and secondary education in Nebraska. In 1981/82, approximately $3 out of $10 for elementary and secondary education came from state aid. Slightly less than $7 out of $10 was raised by property taxes, with the balance coming from federal sources.

The current discussion about the quality of elementary and secondary education has led to requests for additional state aid. State aid has increased from $106 per student in 1971/72 to $595 per student in 1981/82, an increase of 461 percent. Unless otherwise noted, education in this article refers to elementary and secondary education.

This article reviews the major funding sources of elementary and secondary education in Nebraska—local property taxes, state aid, and federal funds. The formula for distribution of state aid is complex and controversial, and is beyond the scope of this article. Funding data are taken from the Nebraska Department of Education's *Financial Report of Public School Districts, 1981/82* and *Annual Report, 1971/72.*

FUNDING SOURCES

State Aid

State aid to education amounted to $161,279,000 in 1981/82. Per pupil, aid averaged $595. Banner County received $187,000 in state aid for 182 students, an average of $1,027 per student—the highest of Nebraska's 93 counties. Brown County received $356,000 for 891 students, an average of $400 per student—the least among Nebraska's 93 counties.

Counties with above average state aid per student include Blaine, $925 per student; and Keya Paha, an average of $936 per student. McPherson and Sarpy counties received $854 and $870, respectively, per student. Cherry received $777 per student. Sioux County received $751 in state aid per student. Other counties receiving $700 or more per pupil in state aid included Boyd, Cheyenne, Douglas, Logan, Loup, Thomas, and Thurston (Table 1).

Several counties received between $650 and $699 per pupil. They are Arthur, Dakota, Deuel, Dundy, Fillmore, Garden, and Washington. Six additional counties, Cass, Chase, Greeley, Hooker, Scotts Bluff, and Sherman, received slightly more than the state average (Table 1).

At the other extreme are a group of counties receiving approximately three-fourths of the state average per pupil aid. Included in this are Boone, Brown, Butler, Colfax, Cuming, Hamilton, Kearney, Morrill, Nance, Stanton, Thayer, and Valley counties. As noted before, Brown County had the lowest average per pupil state aid to education of $400 per student. More counties were below the average than were above because Douglas County was above average in aid per pupil and, of course, is the most populous county in Nebraska. Douglas County received $47,706,000 in state aid for 68,187 students, an average of $700 per student in state aid. It is of interest to note that Doulgas County received 29.6 percent of all state tax dollars returned to the counties for elementary and secondary education. Sarpy County received $870 per pupil, well above the state average of $595, while Lancaster received $540 per pupil, $55 less than average.

It is difficult to generalize on the geographic distribution of 1981/82 state education aid in Nebraska. More money is budgeted per student in the smaller, more sparsely populated counties. For instance, Banner, Blaine, Keya Paha, Loup, McPherson, Sioux, and Thomas counties are all counties with populations of fewer than 2,000 persons. They received $200 per student more in state aid than the average Nebraska pupil. There are important exceptions to this generalization, however. Valley, Stanton, Thayer, and Brown are also sparsely populated but they receive less than the average of $595 per pupil in state aid, so the issue is far from consistent.

Counties most and least dependent upon state aid to education are summarized in Table 2. Sarpy County received more state aid relative to its budget than any Nebraska county. Dakota, Douglas, Scotts Bluff, and Washington counties also were receiving a higher proportion of state aid to total spending than the statewide average.

Counties receiving less than 20.0 percent of spending from aid (Nebraska average, 24.9 percent) are listed in Table 2. Aid amounted to 13.7 percent of budgeted education spending in Thayer County, the lowest in the state. Perkins received 14.0 percent of education funding from state aid.

Local Taxes

At the local level, Nebraskans levied $478 million, or $1,765 per pupil, in local taxes for elementary and secondary education in 1981/82. Banner County raised the most per pupil at $4,126, Sarpy the least at $827.

Data in Table 3 summarizes the top ten and the bottom ten counties in terms of local taxes per pupil. Banner led all counties with $4,126 in local taxes per student. Counties with the highest levies per student were generally sparsely populated counties in western Nebraska.

Sarpy County levied $827 per pupil in local property taxes, the least among all Nebraska counties. Sarpy's $827 in local taxes per student was more than $400 less than Dakota County's $1,224 per student, which ranked next to last among Nebraska's counties. Other

(continued on page 3)

TABLE 1
Elementary and Secondary Education Funding

1981/82 School Year

	Taxes					
County	Local	State (Thousands of Dollars)	Federal	Local Taxes (Per Student)	1981/82 State Aid (Per Student)	1971/72 State Aid (Per Student)
Adams	8,200	2,452	308	1,802	539	112
Antelope	2,779	621	143	2,057	460	80
Arthur	361	68	.67	3,539	667	74
Banner	751	187	30	4,126	1,027	63
Bluine	718	222	22	2,996	925	97
Boone	2,804	558	233	2,154	428	76
Box Butte	3,818	1,131	412	1,518	450	108
Boyd	1,258	421	98	2,107	705	130
Brown	1,575	356	129	1,768	400	88
Buffalo	10,113	2,889	624	1,669	481	102
Burt	3,615	833	239	2,142	493	80
Butler	2,801	533	110	2,235	425	56
Cass	5,871	2,105	615	1,728	620	96
Cedar	3,825	933	538	2,103	513	106
Chase	2,620	626	220	2,512	600	78
Cherry	2,492	820	169	2,362	777	66
Cheyenne	4,408	1,320	197	2,390	716	98
Clay	4,258	809	158	2,490	473	91
Colfax	3,735	821	109	1,910	420	68
Cuming	3,327	779	260	1,867	437	53
Custer	5,259	1,274	295	2,079	503	85
Dakota	3,694	2,028	404	1,224	672	122
Dawes	2,424	719	220	1,676	497	100
Dawson	7,915	2,129	418	1,706	459	81
Deuel	1,152	314	39	2,441	665	63
Dixon	2,576	849	178	1,774	585	110
Dodge	10,719	3,864	656	1,648	594	105
Douglas	113,159	47,706	11,163	1,660	700	116
Dundy	935	276	68	2,328	686	113
Fillmore	4,072	965	230	2,872	680	75
Franklin	1,824	332	66	2,651	482	75
Frontier	2,275	362	50	3,350	533	97
Furnas	3,652	618	118	2,854	483	98
Gage	6,801	1,825	416	1,966	527	109
Garden	1,410	302	25	3,119	668	70
Garfield	886	234	63	2,014	532	82
Gosper	562	110	9	2,498	489	80
Grant	738	134	11	3,265	593	70
Greeley	1,740	411	195	2,620	619	105
Hall	12,764	4,900	974	1,368	525	111
Hamilton	4,136	757	199	2,237	409	81
Harlan	1,537	290	341	2,459	464	97
Hayes	640	117	33	3,536	646	85
Hitchcock	2,107	457	123	2,736	593	112
Holt	4,493	1,258	369	1,897	531	88
Hooker	691	157	14	2,798	636	71
Howard	3,002	825	290	1,787	491	110
Jefferson	4,857	927	241	2,458	469	60
Johnson	2,189	456	105	2,280	477	105
Kearney	3,561	608	137	2,564	438	76
Keith	4,062	874	103	2,477	533	82
Keya Paha	581	204	25	2,665	936	82
Kimball	2,631	522	106	2,698	535	105
Knox	3,859	1,265	1,036	1,767	579	112
Lancaster	50,622	15,400	4,818	1,774	540	116
Lincoln	9,322	3,448	733	1,442	533	112
Logan	527	176	22	2,205	736	129
Loup	451	117	25	2,700	700	73
Madison	7,433	2,454	493	1,377	454	96
McPherson	333	82	.22	3,489	854	64
Merrick	3,671	884	222	2,061	496	98
Morrill	2,222	489	388	1,932	425	95
Nance	1,701	380	97	2,006	448	89
Nemaha	2,471	640	141	1,859	481	104
Nuckolls	2,457	616	78	2,114	530	95

Table 1 (continued)

Elementary and Secondary Education Funding

1981/82 School Year

County	Taxes: Local	Taxes: State (Thousands of Dollars)	Taxes: Federal	Local Taxes (Per Student)	1981/82 State Aid Per Student)	1971/72 State Aid (Per Student)
Otoe	5,152	1,318	299	1,865	477	94
Pawnee	1,587	339	142	2,379	508	82
Perkins	2,231	364	34	3,519	574	87
Phelps	3,936	911	109	2,152	498	90
Pierce	2,535	718	198	1,958	554	105
Platte	6,917	2,024	260	1,710	500	99
Polk	2,724	595	64	2,299	502	78
Red Willow	4,642	1,083	215	2,040	476	106
Richardson	3,537	854	304	2,003	483	92
Rock	978	267	56	1,859	508	70
Saline	4,743	1,251	216	1,953	515	98
Sarpy	13,657	14,340	7,154	829	870	152
Saunders	5,756	10,606	289	1,922	536	93
Scotts Bluff	10,304	4,955	1,079	1,350	649	111
Seward	5,510	1,229	228	2,288	510	94
Sheridan	2,650	857	170	1,784	577	65
Sherman	1,650	461	207	2,146	599	104
Sioux	678	139	15	3,670	751	94
Stanton	1,200	262	126	1,966	429	51
Thayer	3,425	552	139	2,752	443	79
Thomas	432	113	15	2,734	715	58
Thurston	2,038	1,041	1,718	1,430	730	108
Valley	1,905	389	194	2,112	431	86
Washington	4,649	1,986	415	1,533	655	109
Wayne	3,075	781	200	1,854	471	92
Webster	2,073	470	92	2,291	519	107
Wheeler	742	129	35	3,109	540	101
York	6,099	1,196	195	2,608	511	90
Nebraska	478,180	161,279	44,543	1,765	595	106

TABLE 2
Counties Most and Least Dependent Upon State Aid for Education

Most: Over 28% of Total		Least: Less than 20% of Total			
Dakota	35.4	Antelope	18.3	Jefferson	16.0
Douglas	29.6	Arthur	15.8	Johnson	17.3
Sarpy	42.2	Banner	19.9	Kearney	14.5
Scotts Bluff	32.5	Boone	16.6	Keith	17.7
Washington	29.9	Brown	18.4	Kimball	16.6
		Burt	18.7	McPherson	19.8
		Butler	16.0	Merrick	19.4
		Cedar	19.6	Morrill	18.0
		Chase	19.3	Nance	18.2
		Clay	15.9	Pawnee	17.6
		Colfax	18.0	Perkins	14.0
		Cuming	19.0	Phelps	18.8
		Custer	19.5	Polk	17.9
		Fillmore	19.9	Red Willow	18.9
		Franklin	15.4	Richardson	19.4
		Frontier	13.7	Seward	18.2
		Furnas	14.5	Sioux	17.0
		Garden	17.6	Stanton	17.9
		Gosper	16.4	Thayer	13.9
		Grant	15.4	Valley	17.0
		Hamilton	15.5	Webster	18.5
		Harlan	14.1	Wheeler	14.8
		Hayes	15.4	York	16.4
		Hitchcock	17.8		
		Hooker	18.5		
				Nebraska	24.9

TABLE 3
Local Taxes for Education per Student (In Dollars)

Highest 10		Lowest 10	
Arthur	3,539	Box Butte	1,518
Banner	4,126	Dakota	1,224
Blaine	2,996	Hall	1,367
Frontier	3,350	Lincoln	1,442
Grant	3,265	Madison	1,377
Hayes	3,536	Platte	1,710
McPherson	3,469	Sarpy	827
Perkins	3,519	Scotts Bluff	1,350
Sioux	3,670	Thurston	1,430
Wheeler	3,109	Washington	1,533

(continued from page 1)

counties with low local taxes included Hall, Lincoln, Madison, Platte, Scotts Bluff, Thurston, Washington, and Box Butte.

Counties most and least dependent upon local taxes are summarized in Table 4. Statewide, local taxes averaged 73.8 percent of education budgets. Counties where local support amounted to 83.0 percent or more are summarized in Table 4. Frontier County relied upon local taxes for 86.2 percent of education funding, the highest. Local taxes in Thayer County amounted to 86.1 percent of education support, 86.0 percent in Perkins.

Counties substantially below the state average of 73.8 percent included Sarpy, 40.3 percent; Thurston, 49.0 percent; Dakota, 64.5 percent; Scotts Bluff, 67.5 percent; and Knox, 68.9 percent. State aid to Sarpy County exceeded locally raised funds.

(continued on page 6)

Review and Outlook

Nebraska's net physical volume increased 2.1 percent August-September, another indication that economic recovery is still in force in Nebraska. All sectors, with the exception of construction, recorded increases on a month-to-month basis.

The agriculture component of the Bureau of Business Research's net physical volume index increased 11.6 percent August-September. Cash farm marketings were $506 million. Prices received for agriculture products were 0.8 percent on a month-to-month basis and now stand 3.3 percent above one year ago. Nebraska producers were better off than nationwide, where prices declined 2.4 percent on a month-to-month basis, unchanged from a year ago.

Nebraska's manufacturing industry recorded a 2.1 percent gain on a month-to-month basis. The index has recorded monthly gains for four consecutive months after reaching a bottom in the spring of 1983. The index now stands at 141.0 (1967 = 100). A year ago it stood at 132.7 and two years ago the index was at 160.4. Output from Nebraska's manufacturing sector has made some recovery from its recession lows, but remains substantially below peak levels reached in 1981.

The distributive trade sector of the Nebraska economy recorded a 0.4 percent increase on a month-to-month basis. The index stands at 140.3 (1967 = 100). This compares with a reading of 134.1 one

(continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

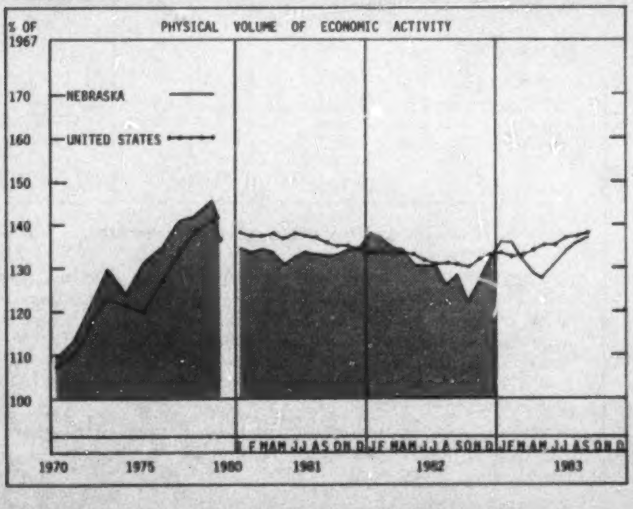
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

September, 1983	Current Month as Percent of Same Month Previous Year		1983 Year to Date as Percent of 1982 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	111.6	107.7	103.9	105.0
Agricultural	138.7	99.0	99.8	100.0
Nonagricultural	108.6	107.9	104.6	105.2
Construction	136.7	119.8	115.8	112.6
Manufacturing	108.1	108.4	94.4	98.1
Distributive	107.7	107.2	106.2	107.2
Government	107.3	106.7	108.0	106.9
Physical Volume	108.4	104.5	100.7	101.7
Agricultural	134.3	99.0	100.7	100.8
Nonagricultural	105.1	104.7	100.7	101.7
Construction	135.1	118.3	115.3	112.0
Manufacturing	106.2	106.8	93.2	97.2
Distributive	104.6	104.2	102.9	103.8
Government	100.2	99.2	99.8	99.4

2. CHANGE FROM 1967

Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	392.9	391.7
Agricultural	373.3	326.4
Nonagricultural	395.6	393.8
Construction	280.2	368.0
Manufacturing	344.5	303.3
Distributive	423.3	444.4
Government	412.5	403.3
Physical Volume	138.8	137.6
Agricultural	148.2	131.1
Nonagricultural	137.3	137.8
Construction	85.4	112.2
Manufacturing	141.0	121.7
Distributive	140.3	147.3
Government	146.6	145.7

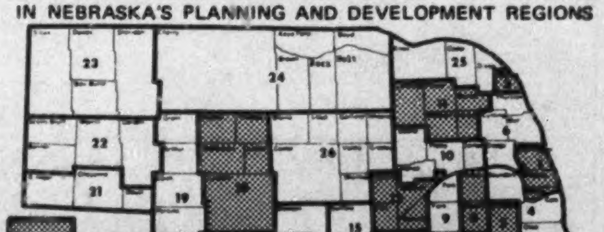


3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES

Region Number and City	City Sales* Sept. 1983 as percent of Sept. 1982	Sales in Region* Sept. 1983 as percent of Sept. 1982	Sales in Region* Year-to-date '83 as percent of Year-to-date '82
The State	105.1	106.4	101.9
1 Omaha	111.2	112.4	105.6
Bellevue	109.5		
Blair	92.5		
2 Lincoln	113.4	115.2	106.3
3 So. Sioux City	94.3	100.0	104.8
4 Nebraska City	107.2	100.8	102.2
6 Fremont	101.8	98.2	101.3
West Point	89.6		
7 Falls City	109.8	105.5	101.2
8 Seward	102.4	105.8	102.9
9 York	110.9	102.4	100.2
10 Columbus	97.5	98.3	102.3
11 Norfolk	104.9	103.2	103.5
Wayne	89.6		
12 Grand Island	107.6	106.6	103.1
13 Hastings	109.5	105.6	102.9
14 Beatrice	108.9	102.4	103.0
Fairbury	103.1		
15 Kearney	104.2	100.9	100.3
16 Lexington	100.8	97.9	99.6
17 Holdrege	83.9	88.9	95.9
18 North Platte	99.1	99.1	102.8
19 Ogallala	102.9	102.6	99.2
20 McCook	98.0	96.6	100.1
21 Sidney	96.9	98.1	95.2
Kimball	95.5		
22 Scottsbluff/Gering	107.8	105.7	99.7
23 Alliance	109.8	104.9	101.1
Chadron	102.5		
24 O'Neill	95.6	98.2	97.3
25 Hartington	84.2	93.3	99.2
26 Broken Bow	93.0	99.1	101.7

*State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Regional totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.

1983 YEAR TO DATE AS PERCENT OF 1982 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(continued from page 4)

year ago, 130.2 two years ago. The distributive trade industry has managed small gains for over a year.

The construction component of the net physical volume index declined 2.0 percent August-September. The construction industry has been adversely affected by rising interest rates. Despite the monthly decline, the index is above its year previous level. The index in September was 85.4 (1967 = 100). This compares with a reading of 63.2 one year ago, and 72.8 two years ago.

Retail sales indicate an improving economy statewide. September 1983 sales were 6.4 percent above one year ago. When adjusted for price changes, retail sales were up 3.3 percent. The commodity component of the consumer price index has increased 3.0 percent September 1982 - September 1983.

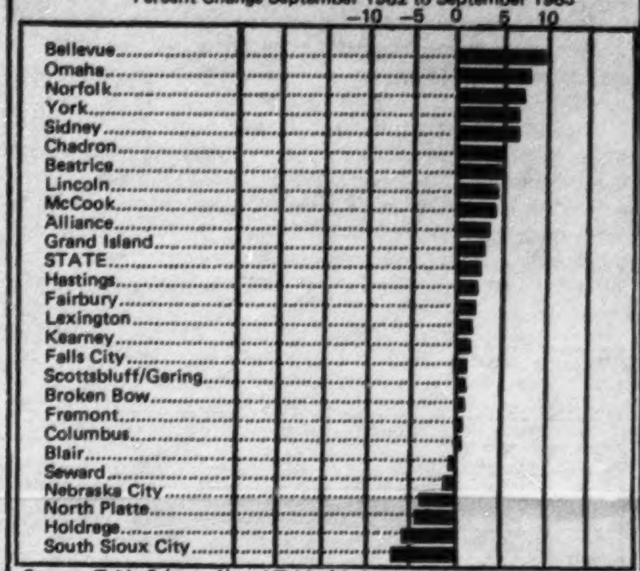
Motor vehicle sales once again were stronger than nonmotor vehicle sales. Motor vehicle sales were $85 million in September 1983, up from $71 million in September 1982, for a gain of 19.8 percent on a dollar volume basis. When adjusted for price changes, motor vehicle sales were up 16.4 percent.

Nonmotor vehicle sales totaled $743 million in September, up from $707 million one year ago, an increase of 5.1 percent. When adjusted for price changes, nonmotor vehicle sales were up 2.0 percent.

The recovery is visible in several Nebraska centers. Bellevue led all communities with a 9.1 percent increase in its city business index. This was followed by Omaha's 7.1 percent increase and Norfolk's 6.6 percent increase. York and Sidney recorded 6.3 percent increases in their respective city business indexes for solid gains. Chadron and Beatrice recorded gains of 4.9 percent; Lincoln, 4.4 percent; McCook, 4.3 percent; Alliance, 3.4 percent; and Grand Island, 2.9 percent. All the above noted communities had stronger local economies than Nebraska.

D.E.P.

CITY BUSINESS INDEX
Percent Change September 1982 to September 1983



Source: Table 3 (page 4) and Table 4 below.

4. September, 1983 CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Employment[1]	Building Activity[2]	Power Consumption[3]
The State	102.4	118.3	115.3
Alliance	103.4	80.3	103.9
Beatrice	101.2	144.9	122.3
Bellevue	104.3	247.6	150.7
Blair	102.4	176.2	125.0
Broken Bow	99.2	305.5	107.2
Chadron	100.0	289.6	93.9
Columbus	103.0	138.2	104.0
Fairbury	99.2	183.6	106.4
Falls City	98.8	80.4	100.0
Fremont	104.5	82.7	128.9*
Grand Island	105.6	71.5	110.5
Hastings	99.0	106.3	139.7
Holdrege	106.5	97.8	155.9
Kearney	106.0	75.9	120.2
Lexington	105.2	125.4	101.8
Lincoln	100.5	94.6	114.6
McCook	111.2	134.0	110.3
Nebraska City	101.7	24.8	124.0
Norfolk	102.0	273.0	129.5
North Platte	93.2	100.8	120.1
Omaha	104.1	142.5	113.7
Scottsbluff/Gering	102.0	63.9	91.5
Seward	99.1	79.4	104.7
Sidney	103.0	478.5	99.9
So. Sioux City	97.7	74.5	111.1
York	103.8	128.7	104.5

[1] As a proxy for city employment, total employment for the county in which a city is located is used.

[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

5. PRICE INDEXES

September, 1983	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	301.8	102.9	103.2
Commodity component	274.5	103.0	103.0
Wholesale Prices	305.3	102.0	101.1
Agricultural Prices			
United States	249.0	100.0	99.3
Nebraska	252.0	103.3	99.2

*Using arithmetic average of monthly indexes.
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

TABLE 4
Counties Most and Least Dependent Upon Local Taxes for Education

Over 83.0% From Local Sources		Less than 70.0% From Local Sources	
Arthur	84.1	Dakota	64.5
Boone	83.4	Knox	68.9
Butler	84.0	Sarpy	40.3
Clay	83.8	Scotts Bluff	67.5
Fillmore	84.1	Thurston	49.0
Franklin	84.6		
Frontier	86.2		
Furnas	85.5		
Gosper	83.6		
Grant	84.6		
Hamilton	84.5		
Hayes	84.5		
Jefferson	84.0		
Kearney	85.4		
Kimball	83.4		
Perkins	86.0		
Thayer	86.1		
Valley	83.1		
Wheeler	85.2		
York	83.6		

TABLE 5
Percentage Change in State Aid to Education per Student 1971/72 and 1981/82

Counties With 1971/72-1981/82 Increases 50% Above State Average		Counties With 1971/72-1981/82 Increases 10% Below State Average	
Arthur	799	Adams	382
Banner	1,536	Box Butte	316
Blaine	851	Brown	355
Cherry	1,070	Buffalo	371
Cuming	724	Cedar	360
Deuel	958	Dawes	395
Fillmore	808	Furnas	391
Garden	857	Gage	384
Grant	746	Hall	373
Hooker	792	Hamilton	403
Keya Paha	1,042	Harlan	378
Loup	853	Howard	348
McPherson	1,227	Johnson	356
Stanton	735	Kimball	411
Thomas	1,130	Lancaster	364
		Lincoln	376
		Madison	471
		Merrick	407
		Morrill	346
		Nance	403
		Nemaha	360
		Otoe	406
		Platte	406
		Red Willow	347
		Valley	400
		Wayne	385
		Webster	437

(continued from page 3)

CHANGE IN STATE AID
1971/72 - 1982/82

During the 1971/72 school year, state aid to education totaled $35 million. By 1981/82 it had increased to $161 million. Aid per pupil was slightly more than $106 in 1971/72, compared with $595 in 1981/82.

The changing distribution of state aid is of interest. Some counties recorded substantial gains, while others failed to gain as much per pupil as the state average. The largest percentage increase occurred in Banner County, where state aid went from $63 per student to $1,027 for an increase of 1,536.0 percent. Cherry County also recorded a substantial increase, as did Deuel, Keya Paha, McPherson, and Thomas counties. Counties that recorded a 50 percent increase in state aid above the state average included Arthur, Blaine, Banner, Cherry, Cuming, Deuel, Fillmore, Garden, Grant, Hooker, Keya Paha, Loup, McPherson, Stanton, and Thomas.

Box Butte recorded the smallest increase in state aid. Aid increased from $108 in 1971/72 to $450 in 1981/82, an increase of 316.0 percent. Counties recording an average increase in state aid per pupil 10 percent (or more) **below** the state average included Adams, Box Butte, Brown, Buffalo, Cedar, Dawes, Furnas, Gage, Hall, Hamilton, Harlan, Howard, Johnson, Kimball, Lancaster, Lincoln, Madison, Merrick, Morrill, Nance, Nemaha, Otoe, Platte, Red Willow, Valley, Wayne, and Webster (Table 5).

SUMMARY AND CONCLUSIONS

Funding for elementary and secondary education in Nebraska is predominantly a local matter. Local taxes account for slightly less than 70 percent of elementary and secondary education funding, with approximately one-quarter from the state.

State aid for education per pupil varies widely among Nebraska's 93 counties. Brown County received $400 per student, while Banner received $1,027 in 1981/82. There may be economies of scale in education, since the counties with denser populations frequently had lower per student budgets. Differences in budgets per pupil, however, may also reflect differences in priorities.

D.E.P.

BUSINESS IN NEBRASKA
PREPARED BY BUREAU OF BUSINESS RESEARCH
Member, Association for University Business & Economic Research
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No. 472 January, 1984

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Business in Nebraska

February 1984

Prepared by the Bureau of Business Research
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LOCAL EDUCATION TAXES

Elementary and secondary education in Nebraska is financed primarily by local taxes. The January 1984 *Business in Nebraska* reviewed funding sources. Local taxes constitute 70 percent of elementary and secondary school budgets in the state.

The current discussion about the quality of elementary and secondary education has led to requests for additional state aid. While state aid is important, local taxes will likely remain the most significant source of financing for elementary and secondary education in Nebraska.

This article reviews local taxes for elementary and secondary education and compares it with county personal income. Personal income is one measure, although by no means the only measure, of the capacity to pay for education. In this issue, local taxes collected for elementary and secondary education in 1981/82 are compared with personal income for the years 1980 and 1981. Unfortunately, 1982 income measures were not available. An average of incomes in 1980 and 1981 is used to compare spending since incomes in many Nebraska counties in any single year fluctuate widely because of the farm income component.

DEFINITION

Before turning to an analysis of education expenditures and personal income, it is important to review the personal income concept. Personal income of a county is defined by the Bureau of Economic Analysis, U.S. Department of Commerce, as income received by, or on behalf of, the residents of an area. It includes income received from all sources with wages and salaries being the principal source of income. Personal income also includes transfer payments from the public sector and from private sources, such as company pensions. Interest payments from public dividends are also treated as transfer payments, since one sector is taxed and income is transferred to another sector as interest payments. Personal income includes incomes of individuals, nonprofit institutions, private noninsured welfare funds, and private trust funds. Proprietors' income is also included as income received by individuals.

LOCAL TAXES AND PERSONAL INCOME

Local taxes to support elementary and secondary education in Nebraska 1981/82 totaled $478,180,000. Property taxes are the source of these local taxes for school support. Nebraska's personal income was $14.1 billion in 1980 and $16.3 billion in 1981, or an average of $15.2 billion for the two years. Local taxes to support elementary and secondary education amounted to 3.1 percent of Nebraska's 1980/81 personal income.

TABLE 2

Property Taxes Equal to or Greater Than 10 Percent of Personal Income 1980/81

	Percent of Personal Income	Population
Blaine	13.9	867
Keya Paha	10.4	1,301
Loup	11.4	859
Wheeler	12.9	1,060
Average Size		1,022

Property Taxes Equal to 5 Percent But Less Than 10 Percent of Personal Income 1980/81

	Property Taxes ≥ 5% of Personal Income 1980/81	Population
Arthur	9.2	513
Banner	6.4	918
Boyd	5.1	3,331
Chase	5.6	4,758
Clay	5.6	8,106
Frontier	7.6	3,647
Furnas	6.7	6,486
Garden	5.6	2,802
Grant	9.1	877
Greeley	6.7	3,462
Hamilton	5.0	9,301
Hayes	7.6	1,356
Hitchcock	5.4	4,079
Hooker	8.2	990
Howard	5.8	6,773
Jefferson	5.5	9,817
Johnson	5.3	5,285
Logan	6.8	983
McPherson	8.1	593
Merrick	5.1	8,945
Nance	5.3	4,740
Rock	5.0	2,383
Sherman	5.1	4,226
Sioux	6.3	1,845
Thomas	5.5	973
Webster	5.3	4,858
Average Size		3,925

As one would expect because of Nebraska's diversity, there are great variations in local taxes to support education and personal income. Blaine County raised $719,000 in local taxes for elementary and secondary education which amounted to nearly one-seventh of the county's personal income 1980/81 (Table 1). Wheeler raised $743 million, or 12.9 percent of 1980/81 personal income. Sarpy County raised $1.4 million in local taxes for elementary and

(continued on page 3)

TABLE 1

County	Local Taxes 1981/82 (Thousands of $)	Personal Income 1980/81 (Millions of $)	Percent of Personal Income to Local Taxes for Education
Adams	8,200	310	2.6
Antelope	2,779	76	3.7
Arthur	361	4	9.2
Banner	751	12	6.4
Blaine	718	5	13.9
Boone	2,804	61	4.6
Box Butte	3,818	118	3.2
Boyd	1,258	24	5.1
Brown	1,575	33	4.7
Buffalo	10,113	309	3.2
Burt	3,615	80	4.5
Butler	2,801	78	3.6
Cass	5,871	185	3.2
Cedar	3,825	85	4.5
Chase	2,620	47	5.6
Cherry	2,492	58	4.3
Cheyenne	4,408	111	4.0
Clay	4,258	76	5.6
Colfax	3,735	90	4.2
Cuming	3,327	111	3.0
Custer	5,259	114	4.6
Dakota	3,694	145	2.5
Dawes	2,424	72	3.3
Dawson	7,915	204	3.9
Deuel	1,152	31	3.7
Dixon	2,576	55	4.7
Dodge	10,719	367	2.9
Douglas	113,159	4,467	2.5
Dundy	935	30	3.1
Fillmore	4,072	83	4.9
Franklin	1,824	38	4.8
Frontier	2,275	30	7.6
Furnas	3,652	55	6.7
Gage	6,801	228	3.0
Garden	1,410	25	5.6
Garfield	886	18	4.9
Gosper	562	18	3.2
Grant	738	8	9.1
Greeley	1,740	26	6.7
Hall	12,764	468	2.7
Hamilton	4,136	82	5.0
Harlan	1,537	38	4.0
Hayes	640	8	7.6
Hitchcock	2,107	39	5.4
Holt	4,493	98	4.6
Hooker	691	8	8.2
Howard	3,002	52	5.8
Jefferson	4,857	88	5.5
Johnson	2,189	41	5.3
Kearney	3,561	71	5.0
Keith	4,062	93	4.4
Keya Paha	581	6	10.1
Kimball	2,631	63	4.2
Knox	3,859	78	4.9
Lancaster	50,622	1,949	2.3
Lincoln	9,322	336	2.8
Logan	527	8	6.8
Loup	451	4	11.4
Madison	7,433	319	2.3
McPherson	333	4	8.1
Merrick	3,671	71	5.1
Morrill	2,222	51	4.3
Nance	1,701	32	5.3
Nemaha	2,471	72	3.4
Nuckolls	2,457	54	4.6

TABLE 1 (Continued)

County	Local Taxes 1981/82 (Thousands of $)	Personal Income 1980/81 (Millions of $)	Percent of Personal Income to Local Taxes for Education
Otoe	5,152	136	3.8
Pawnee	1,587	32	5.0
Perkins	2,231	50	4.4
Phelps	3,936	102	3.9
Pierce	2,535	70	3.6
Platte	6,917	287	2.4
Polk	2,724	57	4.8
Red Willow	4,642	122	3.8
Richardson	3,537	94	3.8
Rock	978	20	5.0
Saline	4,743	130	3.7
Sarpy	13,657	695	2.0
Saunders	5,756	166	3.4
Scotts Bluff	10,304	358	2.9
Seward	5,510	120	4.6
Sheridan	2,650	62	4.3
Sherman	1,650	32	5.1
Sioux	678	11	6.3
Stanton	1,200	50	2.4
Thayer	3,425	72	4.8
Thomas	432	8	5.5
Thurston	2,038	55	3.7
Valley	1,905	45	4.2
Washington	4,649	146	3.2
Wayne	3,075	76	4.0
Webster	2,073	39	5.3
Wheeler	742	6	12.9
York	6,099	146	4.2
Nebraska	478,180	15,208	3.1

(continued from page 1)

secondary education which amounted to slightly less than 2 percent of total personal income. Blaine and Sarpy counties represent the extremes in collecting local taxes relative to income for elementary and secondary education.

COUNTY VARIATIONS

Data in Table 1 summarizes local tax expenditures, personal income in 1980/81, and the percentage of personal income devoted to elementary and secondary education. Data in Table 2 summarizes counties where local taxes collected for elementary and secondary education were above 5.0 percent of personal income, while data in Table 3 sets out areas where spending for personal income was below the state average of 3.1 percent.

Four counties used 10.0 percent or more of their personal income to support elementary and secondary education (Table 2). These counties ranged in size from 859 in Loup to 1,301 in Keya Paha. Blaine has 867 inhabitants and Wheeler, 1,060.

Twenty-six counties used at least 5.0 percent, but less than 10.0 percent, of personal income to support education in 1981/82 (Table 2). These counties ranged in size from McPherson, 593, to Hamilton, 9,301. Average population among the 26 was 3,925.

The proportion of personal income spent on elementary and secondary education appears in part to be inversely related to county size. Counties with less than 10,000 inhabitants generally spend a larger proportion of personal income on elementary and secondary education than counties with larger, more dense populations. Possible explanations for this difference include economics to scale, greater density among the more populated counties, and a larger income fluctuation in the smaller counties. Farm income is more important to total income in the more sparsely populated counties so it is always possible that income could be unusually depressed (or inflated) in a small county.

TABLE 3

Counties Where Local Taxes for Education are Equal or Below the State Average of 3.1 Percent

	Percent of Local Taxes	Population
Adams	2.6	30,656
Cuming	3.0	11,664
Dakota	2.5	16,573
Dodge	2.9	35,847
Douglas	2.5	397,038
Dundy	3.1	2,861
Gage	3.0	24,456
Hall	2.7	47,690
Lancaster	2.3	192,884
Lincoln	2.8	36,455
Madison	2.3	31,382
Platte	2.4	28,852
Sarpy	2.0	86,015
Scotts Bluff	2.9	38,344
Stanton	2.4	6,549
Average Size		65,818

An examination of the data in Table 3 reviews the counties where the proportion of personal income spent on elementary and secondary education is below state average. Douglas, Sarpy, Lancaster, Hall, Adams, Lincoln, and other large counties are the only counties where local property taxes devoted to elementary and secondary education are below the state average. These counties are larger in size than counties spending a higher proportion of personal income on elementary and secondary education.

D.E.P.

MEASURING NEBRASKA BUSINESS

Review and Outlook

Net physical output declined 1.5 percent in the Nebraska economy September-October. This month's data is available **only** for the non-agriculture sector of the Nebraska economy. Data for agriculture has not been released by the U.S. Department of Agriculture and will not be available until mid-February.

Information is available on agriculture prices received for Nebraska and the United States. On a month-to-month basis, prices declined 2.4 percent in Nebraska, but increased 0.4 percent nationally (seasonally adjusted). On a year-to-year basis, Nebraska agriculture prices received were up 5.1 percent in October 1983 over one year previous, while nationally prices were up 4.6 percent. Higher prices for corn were primarily responsible for the favorable year-to-year change.

Nebraska's manufacturing sector recorded a 0.3 percent increase September-October 1983. The index continues to gain reflecting an improving economy.

Nebraska's manufacturing output in October 1983 was approximately 8.0 percent above October 1982. Since the February 1983 low, manufacturing output has increased 16.0 percent. Despite the gains, Nebraska's manufacturing sector remained below peak levels reached in 1981. Output would have to expand an additional 14.0 percent from the October 1983 level to equal peak levels.

Physical output from Nebraska's construction sector declined 0.7 percent on a month-to-month basis. Activity in construction is approximately one-third above 1982 levels, but remains well below

(continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

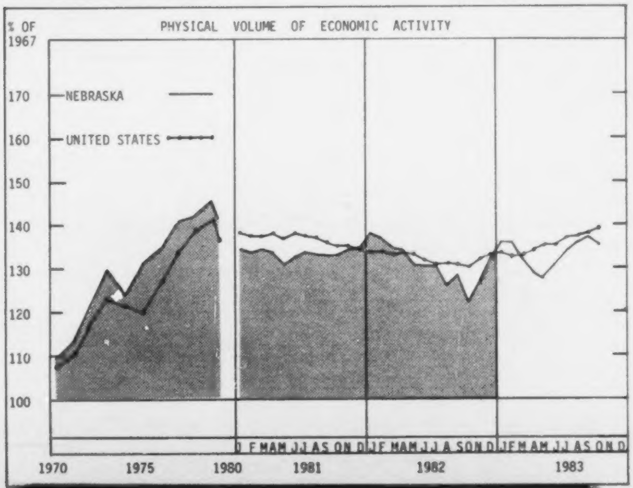
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

OCTOBER 1983	Current Month as Percent of Same Month Previous Year		1983 Year to Date as Percent of 1982 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	N/A	N/A	N/A	N/A
Agricultural	N/A	N/A	N/A	N/A
Nonagricultural	109.0	109.0	105.1	105.6
Construction	133.7	115.1	117.6	112.8
Manufacturing	110.3	110.2	95.8	99.2
Distributive	107.1	108.9	106.4	107.3
Government	110.4	105.7	108.3	106.8
Physical Volume	N/A	N/A	N/A	N/A
Agricultural	N/A	N/A	N/A	N/A
Nonagricultural	105.7	105.9	101.3	102.1
Construction	133.7	115.1	117.1	112.3
Manufacturing	108.3	108.4	94.6	98.3
Distributive	104.1	105.9	103.1	104.0
Government	103.8	99.4	100.2	99.4

2. CHANGE FROM 1967

Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	N/A	N/A
Agricultural	N/A	N/A
Nonagricultural	392.5	399.8
Construction	277.4	358.8
Manufacturing	345.1	307.3
Distributive	417.5	453.9
Government	415.5	405.0
Physical Volume	N/A	N/A
Agricultural	N/A	N/A
Nonagricultural	135.9	139.4
Construction	84.8	109.7
Manufacturing	141.1	122.7
Distributive	138.0	150.0
Government	147.0	145.9

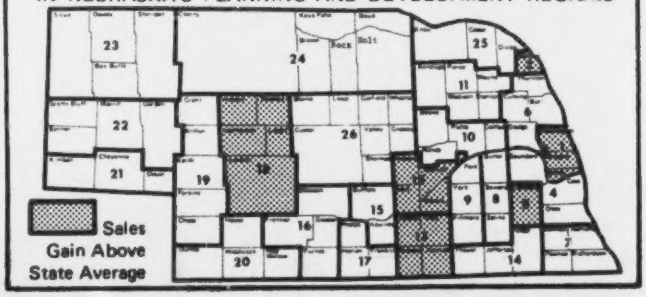


3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES

Region Number and City	City Sales*	Sales in Region*	
	Oct. 1983 as percent of Oct. 1982	Oct. 1983 as percent of Oct. 1982	Year-to-date 83 as percent of Year-to-date 82
The State	105.7	107.7	102.4
1 Omaha	119.0	119.0	106.8
Bellevue	120.8		
Blair	95.9		
2 Lincoln	111.3	116.7	107.2
3 So. Sioux City	106.3	109.7	105.3
4 Nebraska City	99.1	93.4	101.3
6 Fremont	100.4	97.7	100.9
West Point	90.4		
7 Falls City	88.6	93.1	100.5
8 Seward	89.0	95.6	102.2
9 York	100.2	98.3	100.0
10 Columbus	99.7	94.0	101.5
11 Norfolk	101.8	95.0	102.6
Wayne	87.2		
12 Grand Island	109.0	106.9	103.4
13 Hastings	107.5	102.7	102.9
14 Beatrice	103.7	95.7	102.3
Fairbury	89.6		
15 Kearney	111.2	104.5	100.7
16 Lexington	102.5	94.4	99.1
17 Holdrege	84.6	86.4	94.9
18 North Platte	105.7	106.0	103.1
19 Ogallala	98.1	90.0	98.3
20 McCook	90.7	87.1	98.8
21 Sidney	107.9	104.8	96.0
Kimball	99.9		
22 Scottsbluff/Gering	101.6	102.7	100.0
23 Alliance	107.2	104.7	101.4
Chadron	104.0		
24 O'Neill	94.0	92.4	96.9
25 Hartington	92.7	87.3	98.0
26 Broken Bow	101.5	95.3	101.1

***State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Regional totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.**

1983 YEAR TO DATE AS PERCENT OF 1982 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



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(continued from page 4)

the peak levels just as is the case with the manufacturing sector.

Nebraska's distributive trade sector recorded a 2.4 percent decline September-October 1983. This decline undoubtedly reflects in part the removal of the sales tax collections on food. When sufficient experience has been gained with the impact of removing the sales tax on food, the data base for the distributive trade component will be revised. It is impossible to tell with precision, but it seems reasonable that the state's distributive trade activity in October 1983 was roughly the same as that of the previous month. The decline undoubtedly reflects a change in the data base.

Nebraska's retail sales were $708 million in 1983, compared with $657 million in October 1982. Retail sales have been arbitrarily adjusted to reflect the loss of sales tax receipts on food. Unadjusted for price changes, total retail sales were up 7.7 percent on a month-to-month basis, 3.8 percent after adjusting for price changes.

Nonmotor vehicle sales were up 5.7 percent on an unadjusted basis, 2.8 percent when adjusted for price changes. The commodity component of the Consumer Price Index was 2.8 percent higher in October 1983 than it was one year ago. Inflation remains at a very moderate level and will likely continue to provide favorable readings over the next few months.

Motor vehicle retail sales increased 24.5 percent in October 1983, compared with one year ago. When adjusted for price changes, motor vehicle sales were up 12.1 percent. Motor vehicle sales were adjusted by a deflator which measures the price of new and used automobiles. It is believed that this deflator will be more accurate than the overall commodity deflator since the price of automobiles moves somewhat differently from the price of all commodities in general.

Bellevue led all Nebraska communities with a 13.3 percent gain in its city business index. Omaha recorded a 9.8 percent increase, Sidney an 8.9 percent increase, and Broken Bow an 8.1 percent gain. Employment and building activity have improved significantly in the Broken Bow area which has pushed this community higher in October 1983. Bellevue and Omaha led all Nebraska cities in September 1983 and Sidney was also among the top Nebraska communities in 1983.

Further economic gains in 1984 are expected due to increasing employment and rising incomes. Nebraska's personal income should reach $19.0 billion by the end of 1984 with real gains of 3.0 to 5.0 percent (after adjusting for price changes). Consumer prices will increase 4.0 to 5.0 percent in 1984 with larger increases occurring late in 1984. Assuming no energy interruptions because of difficulties in the Middle East, consumer prices should increase little during the first few months of 1984. Higher meat prices, however, and increases in food prices in the last half of 1984 will push the annual rate of increase in the Consumer Price Index to around 4.0 to 5.0 percent, 1.0 or 2.0 percent above its current level.

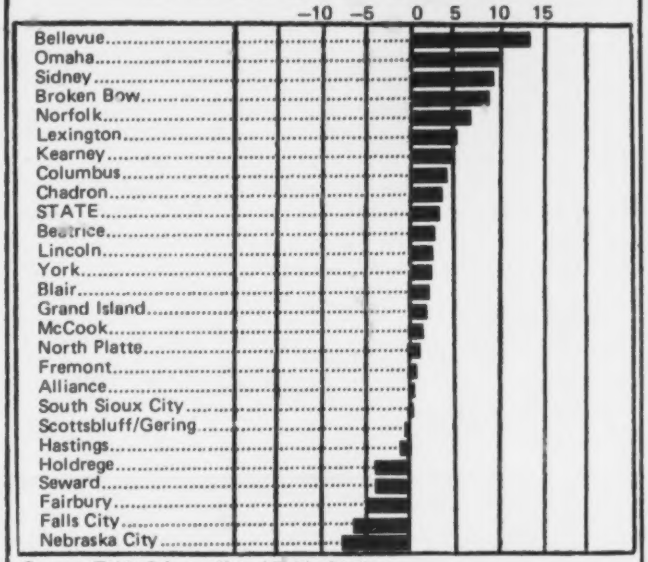
D.E.P.

5. PRICE INDEXES

OCTOBER 1983	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	302.6	102.9	103.2
Commodity component	275.0	102.8	103.0
Wholesale Prices	306.3	102.2	101.2
Agricultural Prices			
United States	250.0	104.6	99.8
Nebraska	246.0	105.1	99.7

*Using arithmetic average of monthly indexes.
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

CITY BUSINESS INDEX
Percent Change October 1982 to October 1983



Source: Table 3 (page 4) and Table 4 below.

4. OCTOBER 1983 CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Employment[1]	Building Activity[2]	Power Consumption[3]
The State	102.5	112.8	104.6
Alliance	101.6	62.5	86.6
Beatrice	102.7	125.4	107.0
Bellevue	102.4	252.1	161.2
Blair	105.6	163.9	105.0
Broken Bow	108.5	273.8	94.8
Chadron	100.7	160.0	87.5
Columbus	107.5	156.9	109.2
Fairbury	101.6	99.5	101.8
Falls City	101.2	82.6	91.7
Fremont	104.9	90.6	101.7*
Grand Island	104.3	54.8	134.9
Hastings	98.4	56.3	75.3
Holdrege	107.8	104.2	95.2
Kearney	104.5	77.6	107.6
Lexington	107.0	156.7	85.7
Lincoln	98.5	86.3	102.3
McCook	113.1	113.7	104.4
Nebraska City	103.2	22.8	108.4
Norfolk	102.0	336.7	112.4
North Platte	97.5	117.3	101.3
Omaha	102.1	145.9	104.9
Scottsbluff/Gering	101.4	92.9	100.6
Seward	103.2	106.2	98.0
Sidney	104.2	276.2	85.3
So. Sioux City	98.0	94.0	104.6
York	105.7	118.0	88.9

[1] As a proxy for city employment, total employment for the county in which a city is located is used.

[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

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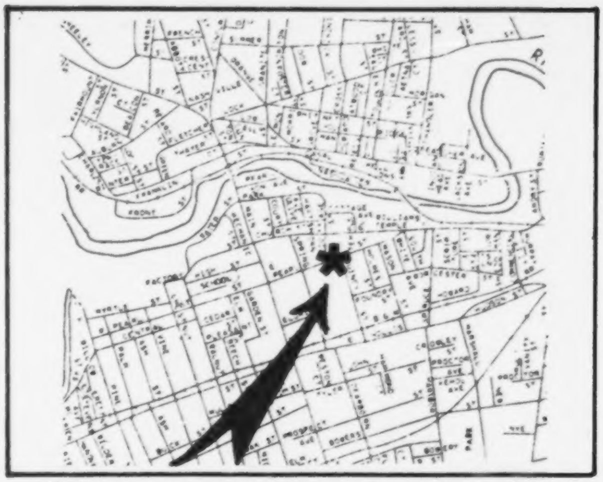

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BUSINESS IN NEBRASKA
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No. 473 February 1984

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Business in Nebraska

March 1984

Prepared by the Bureau of Business Research
College of Business Administration

NEBRASKA'S CHANGING EMPLOYMENT

This article examines a decade of change in Nebraska's **non-agricultural** employment from three perspectives.[1] First, trends in employment by industry are examined for Nebraska, as well as the combined Plains region. This provides the basis for the second view, an examination of trends in Nebraska's share of Plains employment by industry.[2] As a final perspective, the resulting changes in the relative importance of each sector's share of Nebraska employment are shown.

BACKGROUND

In early 1983, Nebraska's unemployment rate peaked at 8.0 percent, the Plains at 9.7 percent, and the United States at 10.8 percent. These record rates came at the trough of a deep recession and at the time, there was considerable discussion about the impact of permanent structural shifts that were thought to be taking place. One implication of structural change was that even when the economy pulled out of the recession, many of the unemployed would not have jobs to which to return. Industries in decline would no longer need their services and their skills would not match those needed in the expanding industries. As a result, forecasters saw high rates of unemployment continuing throughout 1983—even after the economic recovery was forecasted.

The record for 1983 is now complete and it is apparent that the unemployment rate has dropped more sharply than expected (Graph 1). Does this mean that there have not been structural shifts, or that if they did take place, that they were not of the magnitude expected? This article examines one aspect of this issue by looking at changes in employment over the past decade. The focus is on industry and geographic shifts as they relate to Nebraska and the Plains.

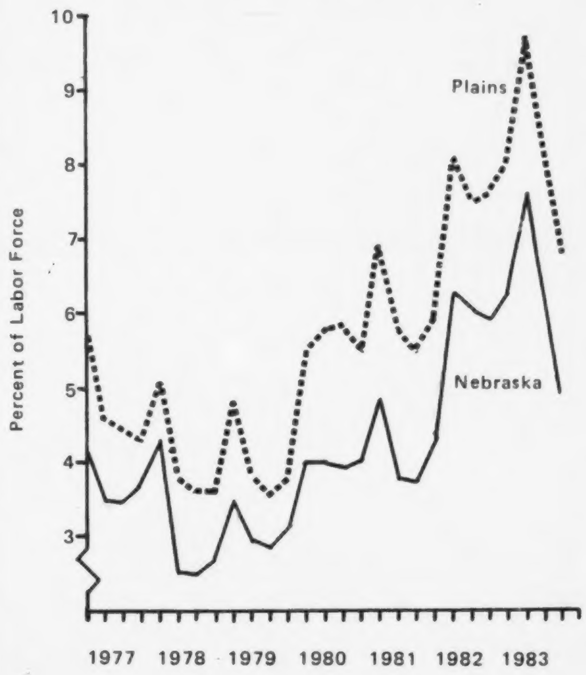
LEVELS OF EMPLOYMENT: PLAINS AND NEBRASKA

In examining the employment record of the Plains, there are several features to be noted. Total employment peaked in 1979 at just over seven million workers, about six percent more persons than in 1983. Graph 2 shows the employment peaks in trade, government, manufacturing, the combined transportation communications, utilities category, and construction that coincided and created the overall 1979 employment peak. Employment in mining peaked two years later in 1981. The more moderate industry downturns cannot be interpreted as long term structural shifts since much of the period following 1979 was recession. However, the decline in manufacturing employment was particularly sharp, with Plains employment falling to the lowest levels in more than a decade. Using the 1975 to 1979 period as a pattern for recovery in manufacturing jobs, it may take several years to reach the 1979 manufacturing employment level, if it is reached at all.

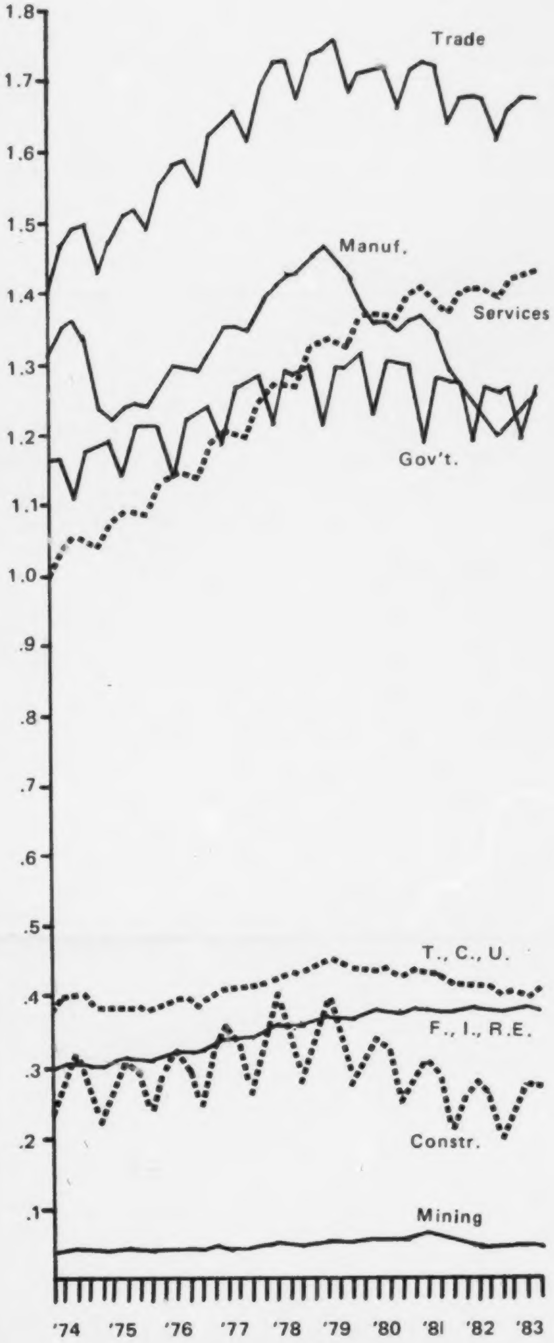
The employment gains in services and the combined category of finance, insurance, and real estate are also noteworthy. Employment expansion in these industries took place despite the recession and only leveled slightly after 1979. Employment in services surpassed manufacturing in the second half of 1980 and employed 200,000 more workers than manufacturing by 1983. Clearly these trends are more than cyclical.

(continued on page 3)

Graph I
Unemployment Rate
Nebraska and Plains

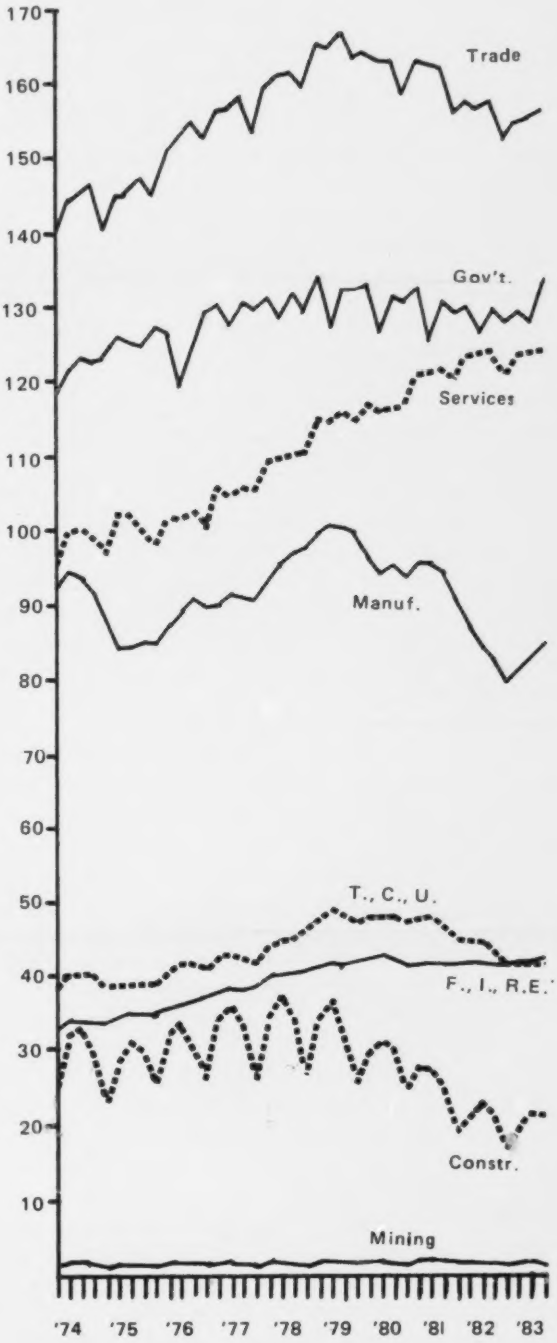


Graph 2
Plains Employment
(Millions)



T., C., U. = Transportation, Communications & Utilities
F., I., R.E. = Finance, Insurance & Real Estate

Graph 3
Nebraska Employment
(Thousands)



(continued from page I)

Employment by industry for Nebraska is shown in Graph 3. The scale used on the vertical axis for the Nebraska graph is about 9.4 percent of the corresponding scale of the Plains graph. This approximates Nebraska's share of Plains employment (9.4 to 8.9 percent over the period) and allows direct comparison of Graph 2 and Graph 3. If Nebraska employment were distributed, by industry, in the same proportion as the Plains industry distributions, then Graph 2 and Graph 3 would look the same. A comparison of the two graphs **does** show a considerable similarity. The biggest difference is in the manufacturing sector, which is a smaller part of employment in Nebraska. Similarly, Nebraska employment in mining is relatively small. Employment in the combined categories of transportation, communications and utilities and of finance, insurance, and real estate is relatively larger in Nebraska than in the Plains.

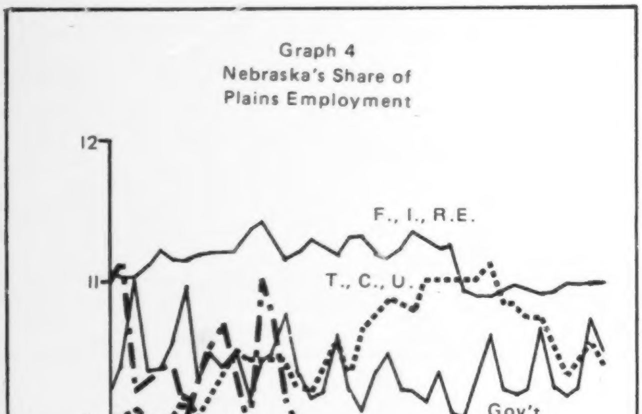
NEBRASKA'S SHARE OF PLAINS EMPLOYMENT

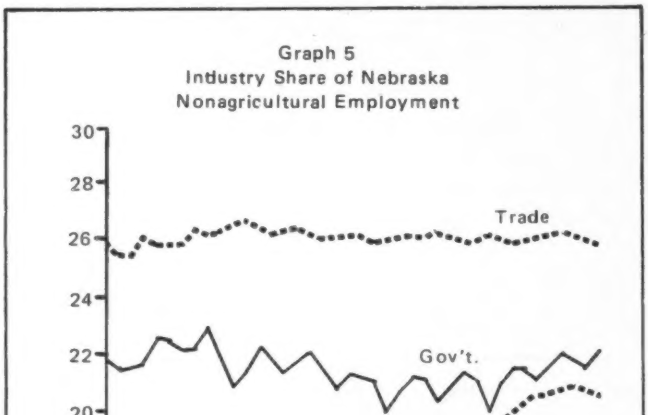
There are several other features in the comparison of Graph 2 and Graph 3 that should be noted. With a few exceptions, the shape of the curves is similar. Although the manufacturing employment as a share of total employment differs in Nebraska from the Plains, the employment curves are similar, indicating the same cyclical patterns of employment over the period. A closer examination of the services curves suggests that the gains in services employment in Nebraska have flattened (slowed) more than the Plains states. Although employment in transportation, communications, and utilities increased more rapidly in Nebraska prior to 1979, it also dropped more quickly after 1979. Similarly, the decline in Nebraska's construction sector has been more dramatic than in the Plains.

An examination of Nebraska's share of Plains employment (Graph 4) allows us to see this more clearly. A horizontal line on this graph would indicate that Nebraska's share of employment remained constant over the period. However, downward slope of the total employment curve indicates that Nebraska's share of total employment in the Plains declined over the period.

The total employment curve serves as a reference in two respects. Industries with curves above the total employment curve (finance, insurance, real estate; government; transportation, communications, utilities; and trade) are relatively more import-

(continued on page 6)


Graph 4
Nebraska's Share of
Plains Employment


Graph 5
Industry Share of Nebraska
Nonagricultural Employment

Review and Outlook

Output from Nebraska's economy declined 1.5 percent on a month-to-month basis according to the most recent reading from the Bureau of Business Research's net physical volume index. All sectors of the economy were down somewhat October 1983–November 1983.

The agriculture sector recorded an 8.2 percent net physical volume decline. Cash farm marketings were $550.0 million in November, down $141.0 million from November 1982. Prices received by Nebraska agriculture producers were up 0.8 percent on a month-to-month basis. Compared with one year ago, prices received by Nebraska's producers were up 4.2 percent, a respectable gain.

The nonagriculture sectors of the Nebraska economy were down a combined 0.6 percent in November 1983. Construction was down 0.3 percent and manufacturing declined 2.5 percent. The distributive trade sector and the government sector declined a scant 0.1 percent on a month-to-month basis, an indication these sectors have changed very little.

(continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

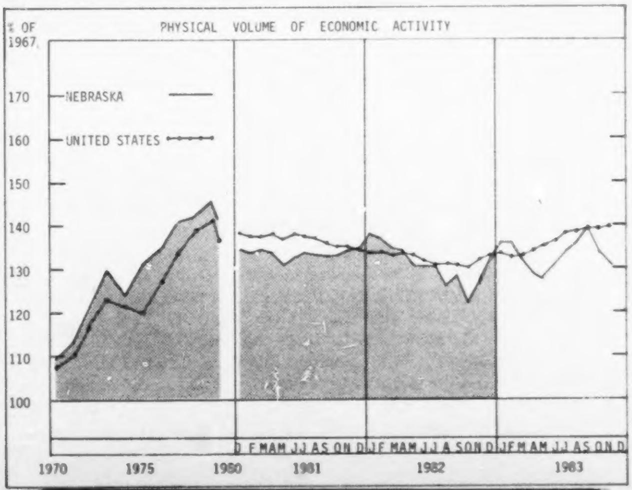
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

November, 1983	Current Month as Percent of Same Month Previous Year		1983 Year to Date as Percent of 1982 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	108.1	108.3	105.0	105.9
Agricultural	103.5	86.0	102.5	98.9
Nonagricultural	108.6	109.0	105.4	106.1
Construction	129.8	111.6	118.8	113.6
Manufacturing	108.1	110.8	96.9	100.2
Distributive	104.5	108.9	106.2	107.8
Government	125.7	105.5	109.8	106.7
Physical Volume	102.8	104.9	101.6	102.5
Agricultural	99.3	81.6	102.7	98.7
Nonagricultural	103.2	105.8	101.4	102.7
Construction	125.6	107.9	116.7	111.7
Manufacturing	106.3	109.1	95.6	99.3
Distributive	101.2	105.5	102.9	104.5
Government	103.4	100.1	100.5	99.6

2. CHANGE FROM 1967

Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	373.7	399.7
Agricultural	259.4	323.5
Nonagricultural	390.9	402.2
Construction	273.9	362.0
Manufacturing	336.5	309.7
Distributive	417.6	456.4
Government	417.2	406.6
Physical Volume	131.0	139.8
Agricultural	104.6	128.4
Nonagricultural	134.9	140.1
Construction	81.8	108.1
Manufacturing	137.6	123.8
Distributive	137.8	150.6
Government	146.9	146.9

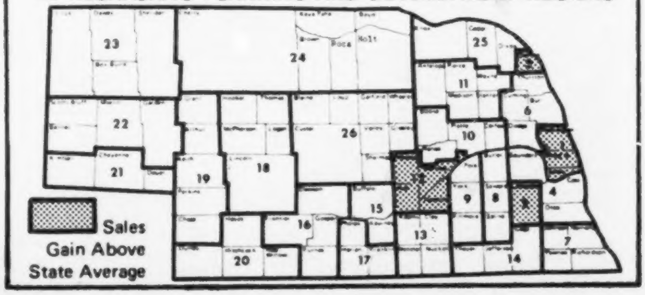


3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES

Region Number and City	City Sales *	Sales in Region *	
	Nov. 1983 as percent of Nov. 1982	Nov. 1983 as percent of Nov. 1982	Year-to-date 83 as percent of Year-to-date 82
The State	110.2	109.5	102.9
1 Omaha	123.0	120.2	107.8
Bellevue	139.1		
Blair	96.2		
2 Lincoln	124.5	121.2	108.3
3 So. Sioux City	124.0	106.4	105.4
4 Nebraska City	97.3	93.8	100.7
6 Fremont	116.6	102.3	101.0
West Point	94.9		
7 Falls City	92.4	89.3	99.5
8 Seward	92.1	96.6	101.7
9 York	102.7	104.1	100.3
10 Columbus	102.8	96.1	101.1
11 Norfolk	109.5	99.2	102.3
Wayne	92.1		
12 Grand Island	110.7	103.6	103.4
13 Hastings	105.8	102.1	102.9
14 Beatrice	110.7	100.6	102.2
Fairbury	94.0		
15 Kearney	110.3	100.4	100.7
16 Lexington	98.1	94.1	98.7
17 Holdrege	85.5	85.3	94.1
18 North Platte	101.7	100.8	102.9
19 Ogallala	104.1	93.3	98.0
20 McCook	97.0	92.9	98.3
21 Sidney	106.2	98.9	96.2
Kimball	87.1		
22 Scottsbluff/Gering	111.8	105.5	100.4
23 Alliance	107.2	100.1	101.3
Chadron	102.7		
24 O'Neill	93.1	84.4	95.8
25 Hartington	83.4	84.4	96.9
26 Broken Bow	102.8	92.1	100.4

*State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Regional totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.

1983 YEAR TO DATE AS PERCENT OF 1982 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



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Nebraska retail sales were up an estimated 9.5 percent, unadjusted for price changes, in November 1983, compared with one year earlier. Total sales were $694.0 million. Motor vehicle sales were nearly $74.0 million, compared with $71.0 million a year ago. When adjusted for price changes, however, motor vehicle sales were down 7.8 percent.

Nonmotor vehicle sales were up an estimated 10.2 percent unadjusted for price changes. When adjusted for inflation, nonmotor vehicle sales were up 7.2 percent. It is difficult to make comparisons on nonmotor vehicle retail sales since food is no longer taxed. Food sales are not included in the numbers reported by the Bureau of Business Research. Until more data are available on the proportion of food in nonmotor vehicle retail sales, year-to-year changes will be indeterminate.

Bellevue led all Nebraska communities with a 19.8 percent increase in its city business index. Omaha ranked second with an 11.8 percent increase, Norfolk third with a 9.6 percent gain, and South Sioux City fourth with a 9.3 percent gain. Lincoln and Fremont recorded gains of more than 8.0 percent. Communities in eastern Nebraska were generally among the strongest in the state.

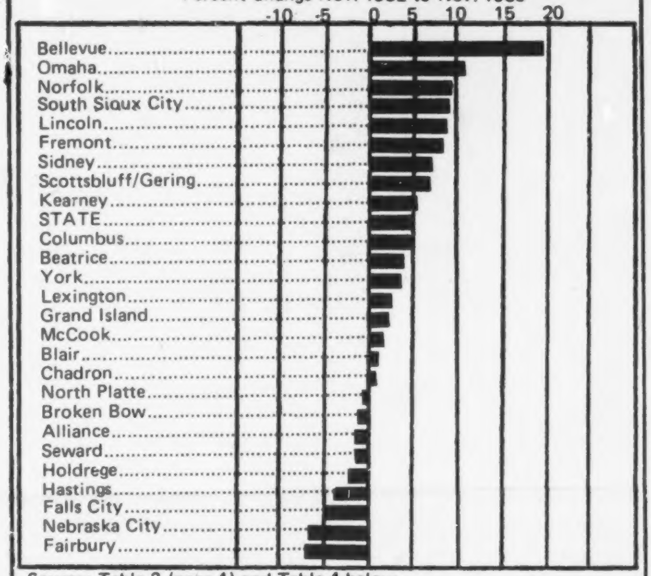
Sidney and Scottsbluff/Gering led all communities in the western part of the state with 7.0 and 6.9 percent increases in their respective city business indexes. Kearney managed a 5.1 percent gain, which was better than the state average.

The state's economy is stronger in the major metropolitan centers than in the nonmetro areas. Omaha has done somewhat better than the state for several months.

Among the nonmetro centers, Sidney has consistently recorded above average growth over the past four quarters. Construction activity and gains in retail sales have helped to boost Sidney.

D.E.P.

CITY BUSINESS INDEX
Percent Change Nov. 1982 to Nov. 1983



Source: Table 3 (page 4) and Table 4 below.

4. November, 1983 CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Employment[1]	Building Activity[2]	Power Consumption[3]
The State	101.6	124.5	114.0
Alliance	101.4	44.4	97.2
Beatrice	102.2	80.8	141.1
Bellevue	100.9	213.9	182.3
Blair	105.0	140.3	158.1
Broken Bow	106.9	40.5	84.6
Chadron	100.5	114.1	83.1
Columbus	106.8	146.1	137.2
Fairbury	101.0	46.7	93.4
Falls City	100.4	87.0	90.5
Fremont	104.4	106.0	159.7*
Grand Island	103.8	53.4	98.5
Hastings	97.8	37.7	96.4
Holdrege	107.1	158.1	82.9
Kearney	103.0	110.2	87.0
Lexington	107.0	130.9	94.3
Lincoln	98.2	107.6	138.3
McCook	111.5	77.9	99.1
Nebraska City	102.4	31.0	97.0
Norfolk	101.3	356.1	185.9
North Platte	95.9	136.7	90.3
Omaha	100.7	163.9	99.0
Scottsbluff/Gering	100.5	177.2	81.5
Seward	103.3	142.4	152.7
Sidney	103.3	230.9	77.2
So. Sioux City	96.5	142.0	120.3
York	105.4	115.3	124.6

[1] As a proxy for city employment, total employment for the county in which a city is located is used.

[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

5. PRICE INDEXES

November, 1983	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	303.1	103.2	103.2
Commodity component	275.2	102.8	103.0
Wholesale Prices	305.6	101.8	101.2
Agricultural Prices			
United States	252.0	105.4	100.3
Nebraska	248.0	104.2	100.1

*Using arithmetic average of monthly indexes.
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

(continued from page 3)

ant in Nebraska than the Plains. The curves below the total curve indicate Nebraska's share of that sector's Plains employment is smaller. Mining (not shown), manufacturing, and services sectors fall into this category.

The total curve serves as another form of reference. Nebraska's share of employment in industries, having a steeper slope than the total curve, is declining more rapidly than Nebraska's share of total Plains employment.

With these references in mind, an inspection of Graph 4 indicates;

1. Nebraska's share of Plains employment is declining. In 1974, 9.4 percent of Plains employees were in Nebraska; in 1983 it was 9.0 percent. The similarities between Graph 2 and Graph 3 indicate that this decline is not due to a difference in the industrial composition of Nebraska and the Plains.
2. The combined category of transportation, communications, and utilities is the only sector where there has been an increase in Nebraska's share of Plains employment. It should be noted that this increase took place prior to 1981 and since then, Nebraska's share of Plains employment in this sector has dropped. All other sectors show a decline in Nebraska's share of Plains employment.
3. The most rapid decline in Nebraska's share of Plains employment was in construction. In 1974, Nebraska accounted for about 10.5 percent of the Plains construction employees. By 1983, just over 8.0 percent of the Plains construction employees were in Nebraska.
4. Although employment in services is increasing in both Nebraska and the Plains, employment in Nebraska's services sector is not increasing as rapidly as the Plains, which has resulted in a decline in Nebraska's share of Plains employment in this sector.
5. Nebraska's share of Plains employment in finance, insurance, and real estate declined slightly from just over 11.0 percent prior to 1981 to just under 11.0 percent after 1981. This is noteworthy because this sector is largest in terms of Nebraska's share of Plains employment.

INDUSTRY DISTRIBUTION OF EMPLOYMENT

The final perspective of Nebraska employment trends is concerned with the redistribution of employment among industries. The industry shares of employment in Nebraska are shown in Graph 5. There are several distinct features. Over the ten year period, employment in the services sector increased from 17.0 percent of Nebraska's total nonagricultural employment to more than 20.0 percent in 1983. The decline in the portion of employment in manufacturing and construction are indicated by their downward sloping curves. The seasonal and cyclical nature of these two industries is indicated by the fluctuations in their corresponding curves in Graph 5 as well as Graph 3. This is in contrast to the steady employment in finance, insurance, and real estate as well as transportation, communications and utilities.

IMPLICATIONS

* Nebraska follows the Plains cyclically. If Plains employment increases, it increases in Nebraska. From a policy perspective this means that forces which influence the Plains have strong influence on Nebraska, which means that control may be more difficult.

* Nebraska's share of Plains total employment is declining. This is noticeable in important sectors such as manufacturing and transportation. The decline is more than cyclical, for it has persisted for nearly ten years.

* Nebraska's progress in increasing manufacturing jobs in the 1970s (perhaps the 1960s) may have reflected progress occurring in the Plains as opposed to factors indigenous to Nebraska.

D.O.L.

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[1] The data used in this study are from the Bureau of Labor Statistics' survey of establishments. Agricultural employment estimates are not available from this survey. For additional explanation of these data, see Employment and Earnings, U.S. Department of Labor, Washington, D.C. (any issue).

[2] The "Plains" include Iowa, Kansas, Minnesota, Missouri, North Dakota, South Dakota, and Nebraska.

BUSINESS IN NEBRASKA
PREPARED BY BUREAU OF BUSINESS RESEARCH
Member, Association for University Business & Economic Research
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No. 474 March 1984

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Business in Nebraska

April 1984
Volume 63 No. 475

200 CBA
402/472-2334

Prepared by the Bureau of Business Research
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1981 AND 1982 NEBRASKA POPULATION ESTIMATES

This article reviews the provisional July 1982 and July 1981 population estimates for Nebraska and its counties. As in previous years, these estimates were prepared jointly by the Bureau of Business Research and the U.S. Census Bureau under the Federal-State Cooperative Program for Population Estimates. These estimates mark the first opportunity to update and review some of the demographic trends of the 1970s revealed in the 1980 census.

STATE ESTIMATES

The 1982 provisional estimate of Nebraska's resident population is 1,592,000, an increase of 1.4 percent since the 1980 census. If this trend continues throughout the 1980s, the decade growth rate (1980-1990) would be about seven percent. Though two years may be too few to detect a trend, it appears the 1980s have continued the population growth trend which began in the previous decade.

Since the 1980 census, the state is estimated to have added approximately 22,000 persons to its population. The primary reason was a natural increase in population (the excess of births over deaths) of 28,000. The natural increase is larger than the actual growth because of an approximate net outmigration of 6,000 persons (-0.4 percent). If the two-year outmigration rate persists throughout the entire decade, the 1980s will represent a period of 2.0 percent outmigration—another indication that the relative stability of the 1970s has continued.

COUNTY ESTIMATES

The population estimates for Nebraska's counties indicate the majority of counties shared the state's growth. Table 1 on page 2 presents the county populations for 1980, 1981, and 1982 with growth rates and migration rates between 1980 and 1982. The two maps on page 3 compare growing and declining counties (Figure 1), and counties with inmigration and those with outmigration (Figure 2). When reviewing these estimates, however, it is important to remember that population estimates are subject to bias and error, and that estimates for less-populated counties are likely to be less accurate than those for more-populated counties. Extreme care should be used, therefore, when interpreting small changes.

Table 1 and Figure 1 show that 54 of the state's counties added population between 1980 and 1982, and 26 of these grew faster than the state's 1.4 percent growth rate. This is a sizeable increase over the previous decade when 42 counties registered growth. Figure 1 also shows all areas of the state shared in the growth.

The state's two fastest growing counties were at opposite borders. Both Kimball and Sarpy counties recorded increases of 6.0 percent; Kimball's growth was a reversal of two decades of loss, while Sarpy County continued as one of the state's most rapidly growing counties. Though not among the leaders in rates of growth, Lancaster County, with an addition of 6,200 persons, recorded the largest increase to its population. Other rapidly growing counties with their growth rates were Banner, 5.7 percent; Wheeler, 5.5 percent; Buffalo, 5.0 percent; Phelps, 4.2 percent; and Hooker, 4.1 percent. With the exception of Sarpy County, this group of counties was in the western two-thirds of the state.

Blaine County was the state's most rapidly declining county with a loss in population of 6.9 percent between 1980 and 1982. Blaine's decline was a reversal of its increase in the 1970s. The largest contrast, however, occurred in Lincoln County. During the 1970s, it was the third fastest growing county in the state; but between 1980 and 1982, it experienced the second largest percentage decline in population (4.5 percent). This decline represented a loss of 1,700 persons (the largest absolute loss in the state). Other counties with large decreases in population were Pawnee, -4.0 percent; Keya Paha, -3.3 percent; Sherman, -3.3 percent; and Sioux, -3.1 percent.

Net migration (difference between persons moving into a county and those moving from a county) is the component of population change that is most volatile. Between 1980 and 1982, 31 counties in Nebraska recorded net inmigration of residents, compared to 28 during the 1970s. Table 1 shows those counties with the highest growth rates also had the highest inmigration rates, and those with the largest percentage declines also had the largest outmigration rates. Kimball County is the leader with inmigration of 4.1 percent. Sarpy, on the other hand, slipped to seventh with a rate of 2.2 percent. The inmigration rates of the remainder of the leading counties were Buffalo, 3.0 percent; Phelps, 2.9 percent; Wheeler, 2.8 percent; Hooker, 2.6 percent; and Banner, 2.3 percent. The map on page 3 shows, again, counties with net inmigration were dispersed throughout the

(continued on page 6)

TABLE 1
ESTIMATES OF THE POPULATION OF NEBRASKA COUNTIES: JULY 1, 1981 AND 1982[1]

Area	Provisional July 1, '82	July 1, '81	Census April 1, '80	Percent Change 1980-82	Net Migration Rate[2]
NEBR.	1,592,000	1,581,000	1,569,825	1.4	-0.4
Adams	31,400	31,100	30,656	2.5	1.4
Antelope	8,700	8,700	8,675	0.6	-1.2
Arthur	550	500	513	(z)	(z)
Banner	950	1,000	918	5.7	2.3
Blaine	800	800	867	-6.9	-8.2
Boone	7,400	7,400	7,391	-0.5	-1.8
Box Butte	14,100	14,300	13,696	3.2	0.1
Boyd	3,300	3,300	3,331	-2.0	-2.4
Brown	4,400	4,400	4,377	1.3	0.8
Buffalo	36,500	35,700	34,797	5.0	3.0
Burt	8,600	8,700	8,813	-1.9	-1.7
Butler	9,400	9,300	9,330	0.5	-0.3
Cass	21,000	20,300	20,297	3.4	1.4
Cedar	11,100	11,300	11,375	-2.2	-3.8
Chase	4,900	4,800	4,758	2.3	0.9
Cherry	6,800	6,900	6,758	1.2	-0.7
Cheyenne	10,100	10,100	10,057	0.1	-1.0
Clay	8,000	8,000	8,106	-1.9	-2.8
Colfax	9,900	9,900	9,890	-0.4	-1.3
Cuming	11,600	11,700	11,644	-0.4	-1.8
Custer	14,000	14,000	13,877	0.9	0.4
Dakota	17,100	17,000	16,573	2.9	0.1
Dawes	9,500	9,600	9,609	-0.8	-2.1
Dawson	22,400	22,200	22,304	0.3	-1.5
Deuel	2,400	2,400	2,462	-2.6	-2.7
Dixon	7,100	7,200	7,137	0.1	-0.7
Dodge	36,000	36,100	35,847		
Douglas	402,000	397,400	397,038	1.2	-0.9
Dundy	2,900	2,900	2,861	0.8	1.1
Fillmore	7,900	7,800	7,920	-0.3	-0.1
Franklin	4,400	4,300	4,377	0.8	1.8
Frontier	3,700	3,700	3,647	1.3	-0.5
Furnas	6,500	6,500	6,486	-0.5	-0.2
Gage	24,300	24,500	24,456	-0.8	-1.2
Garden	2,800	2,800	2,802	1.5	1.7
Garfield	2,300	2,300	2,363	-2.8	-2.9
Gosper	2,200	2,100	2,140	1.3	0.9
Grant	850	850	877	-1.3	-3.6
Greeley	3,400	3,400	3,462	-2.4	-3.6
Hall	49,300	48,700	47,690	3.4	1.5
Hamilton	9,400	9,400	9,301	1.4	-0.5
Harlan	4,300	4,400	4,292	1.0	-0.1
Hayes	1,300	1,300	1,356	-1.9	-3.8
Hitchcock	4,100	4,100	4,079	0.9	-0.7
Holt	13,900	13,800	13,552	2.5	0.4
Hooker	1,050	1,000	990	4.1	2.6
Howard	6,700	6,700	6,773	-0.5	-1.5
Jefferson	9,600	9,600	9,817	-1.8	-2.3
Johnson	5,200	5,200	5,285	-2.2	-1.5
Kearney	7,000	7,000	7,053	-0.2	-1.6
Keith	9,300	9,300	9,364	-0.4	-2.3
Keya Paha	1,250	1,250	1,301	-3.3	-4.2
Kimball	5,200	5,000	4,882	6.0	4.1
Knox	11,400	11,500	11,457	-0.8	-1.3
Lancaster	199,000	196,900	192,884	3.2	1.1
Lincoln	34,800	35,800	36,455	-4.5	-6.8
Logan	1,000	950	983	0.6	-1.1
Loup	850	850	859	-2.2	-3.5
McPherson	600	550	593	0.2	-1.9
Madison	31,900	31,600	31,382	1.7	-0.4
Merrick	9,000	9,100	8,945	0.7	-0.8
Morrill	6,200	6,200	6,085	1.1	-0.3
Nance	4,700	4,700	4,740	-1.8	-1.9
Nemaha	8,300	8,300	8,367	-0.7	-1.4
Nuckolls	6,700	6,700	6,726	0.1	-0.5
Otoe	15,100	15,100	15,183	-0.5	-1.0
Pawnee	3,800	3,900	3,937	-4.0	-3.0
Perkins	3,700	3,700	3,637	1.3	0.3
Phelps	10,200	10,000	9,769	4.2	2.9
Pierce	8,500	8,400	8,481	0.7	-1.1
Platte	29,300	29,100	28,852	1.5	-1.1
Polk	6,200	6,200	6,320	-2.5	-2.8
Red Willow	12,800	12,700	12,615	1.8	0.4
Richardson	11,300	11,300	11,315	0.2	0.5
Rock	2,500	2,400	2,383	3.0	0.6
Saline	13,300	13,100	13,131	1.1	0.6
Sarpy	91,200	88,300	86,015	6.0	2.2
Saunders	18,600	18,700	18,716	-0.4	-1.6
Scotts Bluff	38,600	38,800	38,344	-0.7	-1.2
Seward	15,500	15,800	15,789	-1.9	-3.3
Sheridan	7,700	7,600	7,544	1.7	0.4
Sherman	4,100	4,200	4,226	-3.3	-3.6
Sioux	1,800	1,800	1,845	-3.1	-4.4
Stanton	6,500	6,600	6,549	-0.6	-2.9
Thayer	7,600	7,600	7,582	0.3	-0.2
Thomas	950	950	973	-1.3	-3.8
Thurston	7,300	7,300	7,186	1.9	-1.1
Valley	5,800	5,700	5,633	2.1	1.0
Washington	15,700	15,600	15,508	1.5	0.1
Wayne	9,800	9,800	9,858	-0.8	-2.5
Webster	4,900	4,800	4,858	(z)	0.5
Wheeler	1,100	1,100	1,060	5.5	2.8
York	15,000	14,900	14,798	1.1	-0.5
METROPOLITAN STATISTICAL AREAS					
Lincoln, Nebr. MSA	199,000	196,900	192,884	3.2	1.1
Omaha, Nebr. –Iowa MSA (Nebr. portion)	508,900	501,300	498,561	2.1	-0.3
Sioux City, Iowa –Nebr. MSA (Nebr. portion)	17,100	17,000	16,573	2.9	0.1
Metropolitan	725,000	715,100	708,018	2.4	0.1
Nonmetro	867,200	865,500	861,807	0.6	-0.8

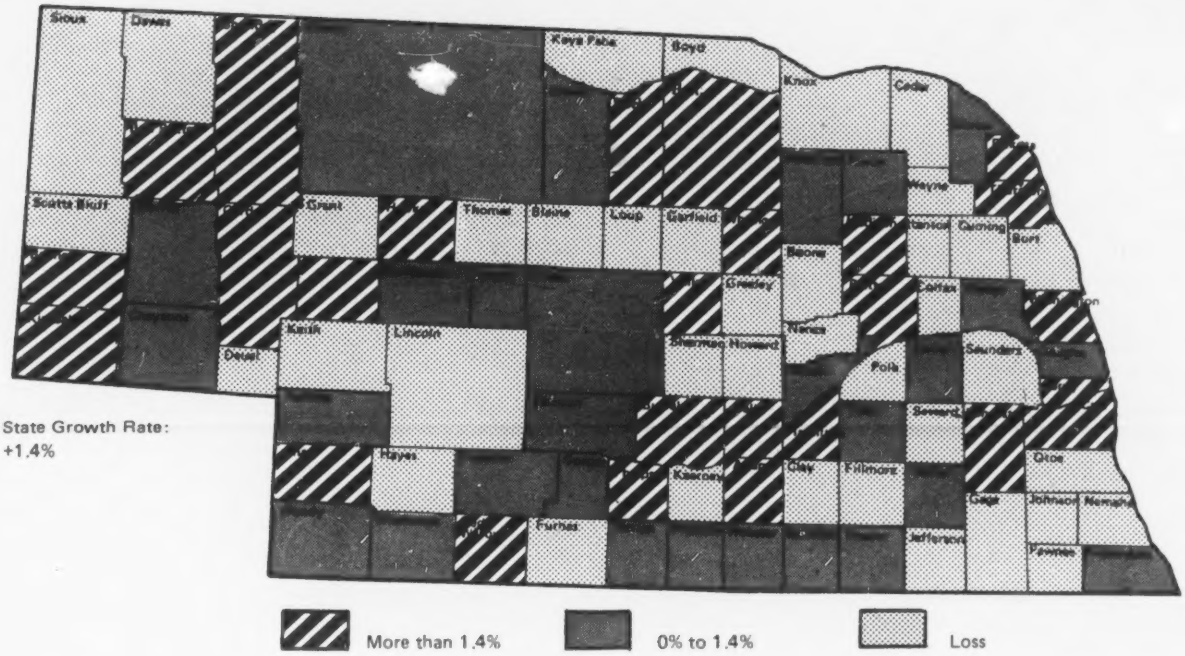
NOTE: State estimates are shown to the nearest thousand, county estimates to the nearest hundred (except counties with less than 2,000 residents are rounded to the nearest fifty—the Census Bureau will publish all county estimates rounded to the nearest hundred). Metropolitan Statistical Area totals rounded independently of county numbers.

[1] The state estimates shown in this report supersede those published earlier in *Current Population Reports,* Series P–25, No. 927.

[2] Net migration is the difference between population change and natural change (births minus deaths) expressed as a percent of the 1980 population. Both percent change 1980-82 and migration rates were calculated from unrounded data.

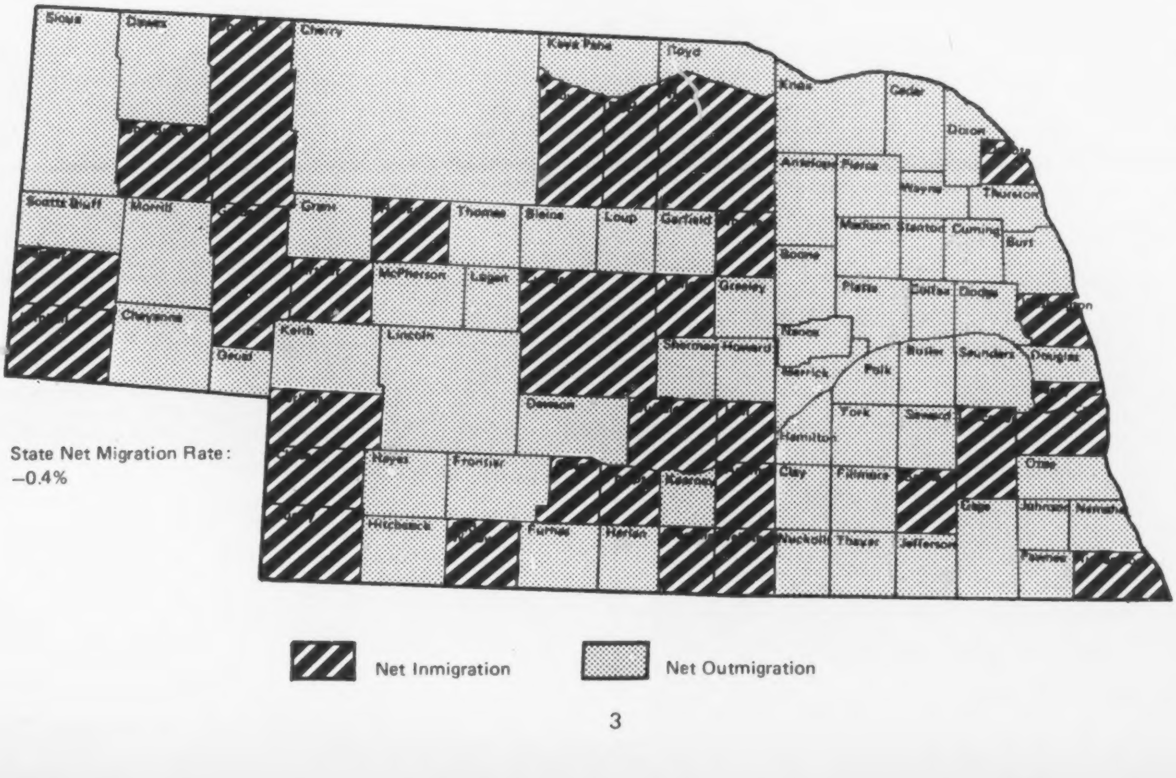
(z) Less than 50 persons or less than 0.05 percent.

FIGURE 1
POPULATION CHANGE: 1980-1982


Sioux
Dawes
Keya Paha
Boyd
Knox
Cedar
Wayne
Scotts Bluff
Grant
Thomas
Blaine
Loup
Garfield
Stanton
Cuming
Burt
Boone
Greeley
Colfax
Cheyenne
Deuel
Keith
Lincoln
Nance
Sherman
Howard
Polk
Saunders
Seward
Hayes
Kearney
Clay
Fillmore
Otoe
Gage
Johnson
Nemaha
Furnas
Jefferson
Pawnee
More than 1.4%
0% to 1.4%
Loss

State Growth Rate:
+1.4%

FIGURE 2
NET MIGRATION: 1980-1982


Sioux
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Keya Paha
Boyd
Knox
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Antelope
Pierce
Wayne
Thurston
Scotts Bluff
Morrill
Grant
Thomas
Blaine
Loup
Garfield
Madison
Stanton
Cuming
Burt
McPherson
Logan
Boone
Greeley
Platte
Colfax
Dodge
Cheyenne
Deuel
Keith
Lincoln
Sherman
Howard
Nance
Merrick
Polk
Butler
Saunders
Douglas
Dawson
Hamilton
York
Seward
Hayes
Frontier
Kearney
Clay
Fillmore
Otoe
Gage
Johnson
Nemaha
Hitchcock
Furnas
Harlan
Nuckolls
Thayer
Jefferson
Pawnee
Net Inmigration
Net Outmigration

State Net Migration Rate:
–0.4%

Review and Outlook

Nonagricultural output increased 0.2 percent in December 1983. Cash farm receipts were unavailable at press time, and are not included.

Available agricultural commodity prices show an increase in 1983. Agricultural producers received 10.6 percent more, well above the gross national product implicit price deflator's increase of 4.5 percent, and the consumer price index gain of 3.8 percent. Prices received for Nebraska agricultural products rose 7.4 percent in 1983.

Manufacturing, trade, and government increased in December 1983, but construction fell 6.6 percent. Construction was 76.1 in December 1983 (1967=100), 63.0 in December 1982, and 67.8 in December 1981. Construction activity remains below former peak levels.

Output from Nebraska's manufacturing sector grew 1.7 percent November-December 1983. The manufacturing index was 140.0 in December 1983, and 129.5 in December 1982. Consistent gains in output have been recorded since March 1983. The distributive trade sector recorded a 0.2 percent increase on a monthly basis. This index stood at 140.0 in December 1983, compared with 136.0 at the end of 1982. Output from the

(continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

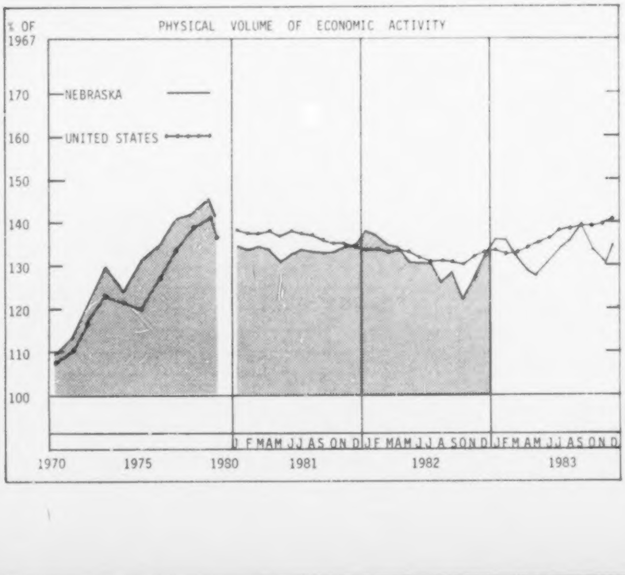
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

December 1983	Current Month as Percent of Same Month Previous Year		1983 Year to Date as Percent of 1982 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	na	na	na	na
Agricultural	na	na	na	na
Nonagricultural	108.3	109.4	105.7	106.4
Construction	125.4	115.7	119.3	113.8
Manufacturing	110.0	112.7	97.9	101.2
Distributive	106.8	108.7	106.4	107.8
Government	109.7	105.3	109.8	106.6
Physical Volume	na	na	na	na
Agricultural	na	na	na	na
Nonagricultural	104.6	105.9	101.7	102.9
Construction	120.9	111.5	117.1	111.7
Manufacturing	108.1	111.1	96.6	100.2
Distributive	102.9	104.7	103.0	104.5
Government	104.2	100.3	100.8	99.7

2. CHANGE FROM 1967

Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	na	na
Agricultural	na	na
Nonagricultural	396.0	404.7
Construction	257.3	369.9
Manufacturing	343.3	313.4
Distributive	424.8	458.1
Government	419.4	408.2
Physical Volume	na	na
Agricultural	na	na
Nonagricultural	136.4	140.8
Construction	76.1	109.4
Manufacturing	140.0	125.1
Distributive	140.0	150.9
Government	147.0	147.0

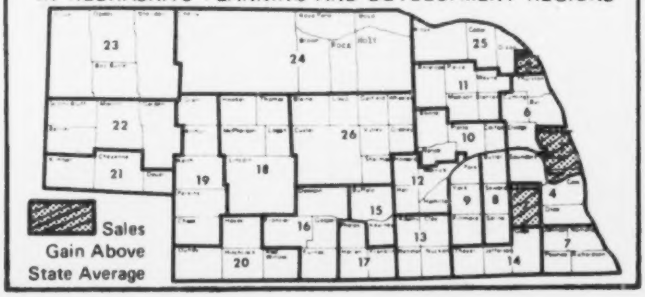


3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES

Region Number[1] and City	City Sales[2]	Sales in Region[2]	
	Dec 1983 as percent of Dec 1982	Dec 1983 as percent of Dec 1982	Year to date 83 as percent of Year to date 82
The State	110.2	108.6	103.5
1 Omaha	128.0	124.1	109.3
Bellevue	133.3		
Blair	87.2		
2 Lincoln	116.5	113.8	108.8
3 So. Sioux City	126.5	119.1	106.5
4 Nebraska City	98.2	92.6	100.0
6 Fremont	113.7	105.9	101.5
West Point	107.3		
7 Falls City	90.6	84.4	98.0
8 Seward	85.2	86.6	100.2
9 York	100.5	93.5	99.7
10 Columbus	96.0	89.8	100.0
11 Norfolk	108.4	101.4	102.2
Wayne	96.8		
12 Grand Island	107.6	102.6	103.4
13 Hastings	105.9	98.5	102.4
14 Beatrice	94.9	89.0	100.9
Fairbury	84.9		
15 Kearney	97.5	91.1	99.8
16 Lexington	111.1	99.1	98.8
17 Holdrege	96.5	90.1	93.7
18 North Platte	102.6	101.6	102.8
19 Ogallala	95.4	92.6	97.5
20 McCook	91.9	88.7	97.4
21 Sidney	115.3	102.5	96.7
Kimball	97.9		
22 Scottsbluff/Gering	103.6	101.1	100.4
23 Alliance	120.5	105.1	101.7
Chadron	104.5		
24 O'Neill	93.3	87.3	95.0
25 Hartington	85.6	74.9	94.6
26 Broken Bow	100.8	94.2	99.8

*State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Regional totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.

1983 YEAR TO DATE AS PERCENT OF 1982 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



▨ Sales Gain Above State Average

(continued from page 4)

distributive trade sector in Nebraska has grown slowly, but consistently, in 1983. Trade and manufacturing remain below top levels established several years ago.

Output from Nebraska's public sector increased 0.1 percent for the month. The index stood at 147.0 at the end of 1983, 141.1 at the end of 1982, and 143.1 at the end of 1981.

Nebraska dollar volume retail sales were up 8.6 percent in December 1983, compared with December 1982 figures. When adjusted for price changes, total retail sales rose 4.9 percent.

Nonmotor vehicle sales led with a 10.2 percent increase in December 1983. When adjusted for price changes, nonmotor vehicle sales soared 7.1 percent.

Nonmotor vehicle retail sales are adjusted by the commodity component of the consumer price index. This component recorded one of its smallest annual gains in 1983: 2.9 percent on a December—December basis.

Motor vehicle sales were down 8.0 percent on a dollar-volume basis in December 1983 when compared with December 1982. When adjusted for price changes, sales plummeted 17.3 percent. Motor vehicle sales are adjusted by the motor vehicle component of the consumer orice index. This index recorded an 11.2 percent gain in 1983, which contrasts sharply with the 2.9 percent gain of the overall commodity component.

On a dollar-volume basis, total retail sales in December 1983 were $875.9 million. Total sales were $916.4 million in December 1982. Since sales tax on food was removed October 1, 1983, adjustment must be made to compare these figures. After adjustment, nonfood total retail sales were approximately $806 million in December 1982. Motor vehicle sales were $64 million in December 1983, compared with $69.7 million in December 1982.

Bellevue led Nebraska communities with a 16.3 percent increase in its city business index. Omaha ranked second with a 12.9 percent increase, followed by South Sioux City with a 10.9 percent gain. Sidney recorded a strong gain of 10.6 percent. Other communities with gains above the state average include Lexington and Norfolk, 7.0 percent; Fremont, 6.7 percent; and Lincoln, 6.5 percent.

Nebraska's economy appears to be growing at 1.0 to 3.0 percent per year. Growth will likely continue, despite the uncertain outlook for commodity prices. The most important factor which influences Nebraska growth is national economic expansion. Nationally, output is increasing at an annual rate of 5.0 to 6.0 percent a year, which has a positive impact upon Nebraska.

D.E.P.

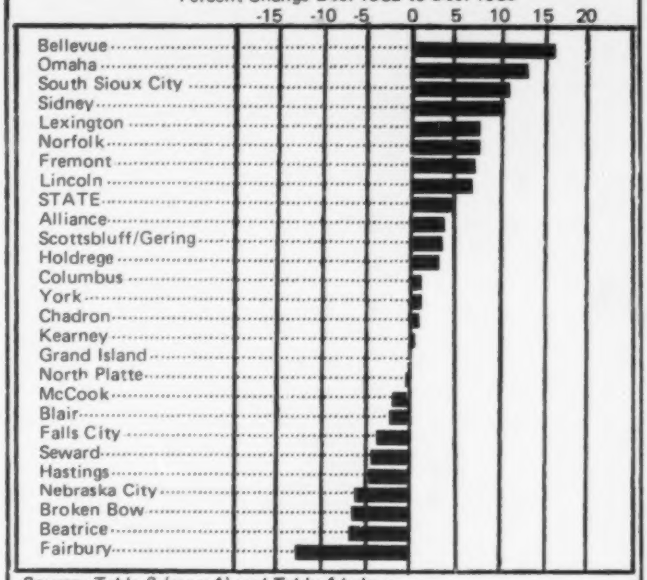
5. PRICE INDEXES

December 1983	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	303.5	103.8	103.2
Commodity component	275.5	102.9	102.9
Wholesale Prices	306.0	101.8	101.3
Agricultural Prices			
United States	261.0	110.6	101.2
Nebraska	260.0	107.4	100.7

*Using arithmetic average of monthly indexes.

Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

CITY BUSINESS INDEX
Percent Change Dec. 1982 to Dec. 1983



Source: Table 3 (page 4) and Table 4 below.

4. December 1983 CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Employment[1]	Building Activity[2]	Power Consumption[3]
The State	101.0	128.1	124.7
Alliance	100.6	48.4	121.2
Beatrice	99.7	51.2	137.1
Bellevue	100.0	192.7	158.6
Blair	104.0	172.7	131.4
Broken Bow	106.4	16.8	119.9
Chadron	99.9	104.6	120.3
Columbus	106.3	126.2	133.6
Fairbury	101.0	30.1	136.0
Falls City	99.5	137.2	107.9
Fremont	103.8	107.1	114.2
Grand Island	102.3	56.5	130.1
Hastings	96.9	37.1	118.3
Holdrege	106.8	211.0	116.2
Kearney	102.9	138.5	115.7
Lexington	106.3	115.0	116.4
Lincoln	99.2	123.3	128.5
McCook	109.0	72.4	102.7
Nebraska City	102.0	36.9	114.0
Norfolk	101.3	231.0	126.7
North Platte	95.1	152.4	102.2
Omaha	99.8	154.8	128.9
Scottsbluff/Gering	99.6	238.2	121.8
Seward	103.1	134.5	131.8
Sidney	102.4	237.3	119.3
So. Sioux City	96.0	167.3	119.9
York	103.8	105.6	119.0

[1] As a proxy for city employment, total employment for the county in which a city is located is used.

[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

(continued from page 1)

state, but a larger portion were located in the western two-thirds of the state.

METROPOLITAN AND NONMETROPOLITAN ESTIMATES

Table 1 also shows that Nebraska's combined metropolitan areas (Douglas, Sarpy, Washington, Lancaster, and Dakota counties) experienced a population growth of 2.4 percent (17,000 persons) between 1980 and 1982. This rate is nearly twice that of the state and four times that of the nonmetropolitan counties combined. The metropolitan areas recorded inmigration of 0.1 percent, a rate far too small to offset the outmigration rate of the nonmetropolitan counties.

Beginning in June 1983, several changes in the definition of metropolitan areas occurred which affected Nebraska. First, the SMSA (Standard Metropolitan Statistical Area) designation was dropped and replaced by the MSA (Metropolitan Statistical Area) designation. More importantly, Washington County was added to the Omaha NE–IA MSA, which means the Omaha MSA now includes Douglas, Sarpy, and Washington counties in Nebraska and Pottowattamie County in Iowa.

Estimates of population for nonmetropolitan Nebraska are subject to somewhat more uncertainty than the metropolitan counties because of the large number of relatively small counties. Although the 1982 estimates provide additional evidence that the population trend of decades of losses in nonmetropolitan Nebraska has reversed, these areas still have a net outmigration of population. Between 1980 and 1982 nonmetro areas increased by 0.6 percent (5,300 persons), but recorded a net outmigration of 0.8 percent.

The 1982 estimates indicate the majority of Nebraskans (54.5 percent) still live in nonmetropolitan areas, but the gap continues to narrow as nonmetro growth rates lag behind those of metropolitan areas. Part of the reason is the loss of population through outmigration. Another, more far-reaching reason, however, is the relatively small natural increase (births minus deaths) in population. After decades of losses of young adults, the age structure of nonmetropolitan Nebraska has shifted to one of relatively higher death rates and lower birth rates. J.A.D.

NEBRASKA POPULATION PROJECTIONS 1985-2020

In addition to population estimates, the Bureau of Business Research periodically prepares population projections for the state. These projections can be used for planning by state and local governmental agencies, business firms, labor unions, and other organizations. For example, businesses can use them to target products for a specific age group, or schools can use them to determine future needs for buildings and teachers.

The latest projections were prepared in November 1982 and were based on data from the 1980 census. Projections were made for the state and counties by age and sex for the years 1985, 1990, 1995, 2000, 2005, 2010, 2015, and 2020 and were published in *Nebraska Population Projections 1985-2020.*

This publication contains three projection series—high, medium , and low—based on differing assumptions of net migration. The medium series most closely reflects the trends revealed in the 1980 census and 1982 estimates. At the state level, age information is provided for five-year age groups and 75+. The information at the county level is not as detailed and is available for the age groups 0-4, 5-14, 15-24, 25-44, 45-64, and 65+. In addition, a special tabulation was made for the 0-17 age group.

When using projections, it is important to note the distinction between projections and the current estimates mentioned earlier. Current estimates make use of actual post-1980 census data from the recent past (1981 and 1982), such as reported births and deaths, to measure change from 1980. Projections, on the other hand, are forecasts of future populations based on assumptions of expected births, deaths, and migration.

Copies of *Nebraska Population Projections 1985-2020* are available for $17.50 from the Bureau of Business Research, 200 CBA, University of Nebraska-Lincoln, Lincoln, NE 68588-0406. Checks should be made payable to the Bureau of Business Research.

BUSINESS IN NEBRASKA
PREPARED BY BUREAU OF BUSINESS RESEARCH
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6/20/84 U7860-1 A

Business in Nebraska

May 1984
Volume 63 No. 476

200 CBA
402/472-2334

Prepared by the Bureau of Business Research
College of Business Administration
University of Nebraska-Lincoln

UNITED STATES WHEAT EXPORTS: PAST AND PROSPECTS

In 1972, the Russian wheat crop failed. The USSR purchased large amounts of American grain. U.S. wheat exports doubled from 1971 to 1972, primarily because of the Russian sales.

World population growth and crop failures in the 1970s, particularly in the less developed countries (LDCs), led to speculation that famine would occur in the 1970s and 1980s.

Crop failures and population growth presented a very rosy picture for America's breadbasket. The demand for wheat and coarse grains was expected to raise prosperity to new levels in America's grain producing areas. Government, another impediment to growth, also seemed to be loosening its hold on agriculture.

This optimistic outlook for the grain producing areas of America failed to materialize—dire predictions of inadequate food supplies and global famine were not fulfilled.

This article reviews American wheat exports from 1971 to 1983. World trade in wheat has expanded since the early 1970s. American exports are well above 1972 levels. However, Canada, Argentina, Australia, and Western Europe have entered the market and are aggressively claiming an increased share of the world wheat trade.

U.S. WHEAT EXPORTS

An analysis of United States wheat exports in the 1970s and 1980s reveals two trends. First, U.S. wheat exports have increased sharply following the Russian crop disaster, from 18.1 million metric tons in 1971/72 to 39.4 million metric tons in 1982/83. American trade in wheat has increased 117.7 percent since 1971 (Table 1).

A second important trend is an alteration in the destination of American wheat exports. Western Europe took nearly 10 percent of U.S. wheat exports in the early 1970s (1.8 million metric tons), but only 2.7 percent of total American exports in 1982/83 (1.1 million metric tons).

Less developed countries (LDCs) are the most important customer for U.S. wheat. Exports to LDCs increased from 11.6 million metric tons in 1971/72 to 28.9 million metric tons in 1982/83. Nearly three quarters of America's wheat exports go to less developed countries.

OPEC countries have also increased their purchases of American wheat dramatically since the mid-1970s. At the beginning of the 1970s, OPEC countries imported 2.5 million metric tons of wheat. By 1982/83, this figure had increased to 5.5 million metric tons.

Russian purchases of American wheat have been rather erratic. At the beginning of the decade, Russia imported 830,000 metric tons of U.S. wheat. This increased sharply in 1972/73 to 10.0 million metric tons. Russian imports then dropped to between 1.3 and 2.2 million metric tons per year, until climbing to nearly 6.0 million metric tons in 1981/82.

Eastern Europe was the destination of 2.0 percent of American wheat exports in 1971/72, and 1.0 percent in 1982/83. Eastern Europe also has a history of erratic changes in its requirements for wheat imports. In 1971/72, Eastern Europe imported 351,000 metric tons of American wheat, compared with 407,000 metric tons in 1982/83. Exports to Eastern Europe from the U.S. have been as high as 2.6 million metric tons in 1979/80. Incidentally, the large surge in exports to Eastern Europe in 1979/80 coincided with the embargo placed on shipments to Russia.

Japan is one of America's more stable buyers of wheat. Japanese purchases have ranged around 3.0 million metric tons throughout the 1970s and early 1980s.

The shift in distribution of American wheat exports offers an opportunity and a threat to U.S. wheat production. The opportunity is the promise of greater exports since population and income are expanding rapidly in the less developed countries. Competition from other suppliers is a threat to American exports. Subsidies from European producers will compete directly with American exports. The desire of the LDCs to improve domestic wheat production will also challenge American grain exports.

WORLD WHEAT PRODUCTION, USAGE, AND INVENTORIES

World wheat production has increased sharply since the early 1970s. Information in Table 2 indicates world production has increased by about 140 million metric tons from 1972 to 1983.

(continued on page 2)

TABLE 1

U.S. WHEAT EXPORTS TO SELECTED MARKETS
(in thousand metric tons)

Crop Year	World	EC-10	Eastern Europe	USSR	Japan	OPEC	LDC'S
1971/72	18,089.6	1,778.0	350.9	830.1	2,655.8	2,470.4	11,616.6
1972/73	36,880.3	2,609.6	960.4	10,035.1	3,480.3	2,866.6	16,265.5
1973/74	27,495.5	1,138.4	867.7	1,329.1	2,969.4	3,196.7	18,238.9
1974/75	30,137.8	2,301.4	219.5	2,246.1	3,114.3	3,966.7	21,594.2
1975/76	30,818.6	2,248.6	1,288.3	3,046.1	3,264.6	3,305.4	20,593.8
1976/77	24,940.8	1,119.8	913.2	3,008.2	3,365.6	4,063.4	15,869.7
1977/78	33,649.9	2,329.2	913.6	3,413.9	3,178.7	5,020.2	22,183.8
1978/79	33,431.5	2,335.1	791.0	3,840.7	3,342.0	4,297.6	19,668.4
1979/80	38,334.8	2,889.2	2,624.0	2,262.0	3,275.6	4,106.4	21,963.7
1980/81	43,678.1	1,873.2	733.0	3,693.1	3,420.1	4,943.6	25,243.4
1981/82	45,818.9	1,893.8	431.2	5,974.8	3,319.1	4,543.7	24,897.5
1982/83	39,361.2	1,072.5	406.6	2,980.0	3,390.9	5,545.0	28,885.7

PERCENTAGE OF U.S. WHEAT EXPORTS
by Crop Year
for Selected Markets

Crop Year	World	EC-10	Eastern Europe	USSR	Japan	OPEC	LDC'S
1971/72	100.0%	9.8%	1.9%	4.6%	14.7%	13.7%	64.2%
1972/73	100.0%	7.1%	2.6%	27.2%	9.4%	7.8%	44.1%
1973/74	100.0%	4.1%	3.2%	4.8%	10.8%	11.6%	66.3%
1974/75	100.0%	7.6%	0.7%	7.5%	10.3%	13.2%	71.7%
1975/76	100.0%	7.3%	4.2%	9.9%	10.6%	10.7%	66.8%
1976/77	100.0%	4.5%	3.7%	12.1%	13.5%	16.3%	63.6%
1977/78	100.0%	6.9%	2.7%	10.2%	9.5%	14.9%	65.9%
1978/79	100.0%	7.0%	2.4%	11.5%	10.0%	12.9%	58.8%
1979/80	100.0%	7.5%	6.9%	5.9%	8.5%	10.7%	57.3%
1980/81	100.0%	4.3%	1.7%	8.5%	7.8%	11.1%	57.8%
1981/82	100.0%	4.1%	0.9%	13.4%	7.2%	9.9%	54.3%
1982/83	100.0%	2.7%	1.0%	7.6%	8.6%	14.1%	73.4%

"Wheat" includes wheat flour and products. EC-10 = essentially the nations of Western Europe. OPEC = Organization of Petroleum Exporting Countries (major oil exporters except Mexico and the Soviet Union). LDCs = Less developed countries (Latin America, most of Asia, and Africa, excluding OPEC nations). Totals do not add because of double counting. Source = USDA Foreign Agricultural Service *Foreign Agriculture Circular: Grains* (Washington, D.C.: GPO, 1984), January 17, 1984, p. 3.

(continued from page 1)

Production increases slowed following the 1978 crop year. Wheat production increased 4.5 percent per year between 1972 and 1978, but slowed to an annual 1.7 percent growth rate from 1978 to 1983.

U.S. production of wheat has increased by nearly 56.0 percent since 1972. Non-U.S. production has grown by nearly 39.0 percent in the same period. Production increases have outstripped consumption increases. During the interval from 1972 to 1983, production rose 41.0 percent and consumption grew 31.2 percent. The result is rising inventories. Inventories have nearly doubled—they have increased from 59.8 million metric tons in 1972 to 105.6 million metric tons in 1983. (See Table 2.) In 1972, one-quarter of the world's wheat inventory was in the United States: in 1983, approximately 40 percent was in the hands of Americans. The U.S. remains the world grain storehouse.

America's main wheat competitors are Canada, Australia, Argentina, and Western Europe. Canadian exports have increased from 15.6 million metric tons in 1972 to 21.5 million metric tons in 1983. Australia has more than doubled exports, from 5.6 million metric tons to 11.5 million metric tons. Argentina has experienced similar strides, growing from 3.4 million metric tons to 8.0 million metric tons. Western Europe has expanded their exports from 6.8 million metric tons in 1972 to 15.5 million metric tons in 1983. American exports continue to dominate wheat trade, but they are losing ground. American exports grew from 31.8 million metric tons in 1972 to 38.1 in 1983. The growth of other countries in the wheat export trade is visible in Table 2.

American inventories of wheat have grown more rapidly than other countries. U.S. stockpiles in 1972 were 16.3 million metric tons, compared with 41.6 million metric tons in 1983, an increase of 155 percent. World stockpiles increased from 59.8 million metric tons in 1972 to 105.6 million metric tons in 1983.

Why haven't American exports fared as well as those of other nations? Several answers have been suggested. One factor is the changing relative currency values. The U.S. dollar has appreciated during the past four or five years, making other wheat relatively cheaper. Subsidies from producing nations to nations with limited capacity to pay have enhanced their exports. The quality of U.S. grain may also be a factor.

CONCLUSIONS

Wheat consumption during the past few years has expanded more rapidly than production. American producers have been successful in expanding wheat exports to fill this need, but American exports have not increased as fast as the combined exports of Canada, Australia, Argentina, and Western Europe. American wheat exports were greater than the combined exports of these competitors in 1972 (31.8 million metric tons compared to 31.4 million metric tons). In 1983, however, Canada, Western Europe, Australia, and Argentina exported more than the U.S.—56.5 million metric tons compared to 38.1 million metric tons. Any expansion of the world wheat trade due to poor crops in major importing nations will likely benefit non-U.S. exporters as much as American exporters.

The destination of American wheat exports has changed during the past few years. Western Europe and Eastern Europe import less today than five or ten years ago. Russian trade remains erratic, but American exports to Japan and less developed countries show a consistent pattern of expansion over the past decade. America's most important wheat customers are the less developed countries, which receive nearly three-quarters of America's exports. The rising value of the U.S. dollar plus increased subsidies to wheat exports by certain creditors represent a threat to U.S. export interests.

D.E.P.

TABLE 2

World Wheat and Flour Trade
Years beginning July 1
(in millions of metric tons)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983*
EXPORTS												
Canada	15.6	11.5	11.2	12.1	12.9	15.9	13.5	15.0	17.0	17.6	21.2	21.5
Australia	5.6	5.4	8.2	7.9	8.5	11.1	6.7	14.9	10.6	11.0	8.5	11.5
Argentina	3.4	1.1	2.2	3.2	5.6	2.6	3.3	4.8	3.9	4.3	7.4	8.0
W. Europe**	6.8	5.8	8.3	9.5	6.3	6.3	8.8	10.4	14.7	15.5	15.5	15.5
Others	4.1	7.7	6.0	2.2	3.8	5.5	7.5	3.7	6.0	4.1	5.8	4.8
Subtotal	35.6	31.5	35.9	35.0	37.1	41.3	39.7	48.8	52.2	52.5	58.5	61.3
U.S.	31.8	31.1	28.0	31.7	26.1	31.5	32.3	37.2	41.9	48.8	39.9	38.1
World Total	67.3	62.6	63.9	66.7	63.1	72.9	72.0	86.0	94.1	101.2	98.4	99.4
U.S./World %	47.3	49.7	43.8	47.5	41.4	43.2	44.9	43.3	44.5	48.2	40.5	38.3
Canada/World %	23.2	18.4	17.5	18.1	20.4	21.8	18.8	17.4	18.1	17.4	21.5	21.6
Australia/World %	8.3	8.6	12.8	11.8	13.5	15.2	9.3	17.3	11.3	10.9	8.6	11.6
Argentina/World %	5.1	1.8	3.4	4.8	8.9	3.6	4.6	5.6	4.1	4.2	7.5	8.0
W. Europe/World %	10.1	9.3	13.0	14.2	10.0	8.6	12.2	12.1	15.6	15.3	15.8	15.6
PRODUCTION												
Canada	14.5	16.2	13.3	17.1	23.6	19.9	21.1	17.2	19.2	24.8	26.8	26.6
Australia	6.6	12.0	11.4	12.0	11.7	9.4	18.1	16.2	10.9	16.4	8.8	19.0
Argentina	6.9	6.6	6.0	8.6	11.0	5.7	8.1	8.1	7.8	8.3	14.5	11.5
W. Europe	51.3	50.8	56.7	48.5	50.7	47.7	50.3	48.8	55.1	54.4	59.6	58.2
Others	222.1	239.6	220.1	206.2	259.9	244.4	300.8	275.0	284.4	269.1	293.4	303.4
Subtotal	301.4	325.2	307.5	292.4	356.9	327.1	398.4	365.3	377.4	373.0	403.1	418.7
U.S.	42.0	46.4	48.9	57.8	58.3	55.4	48.3	58.1	64.6	76.2	76.4	65.5
World Total	343.4	371.6	356.4	350.2	415.3	382.5	446.7	423.4	442.1	449.2	479.5	484.2
U.S./World %	12.2	12.5	13.7	16.5	14.0	14.5	10.8	13.7	14.6	17.0	15.9	13.5
Canada/World %	4.2	4.4	3.7	4.9	5.7	5.2	4.7	4.1	4.3	5.5	5.6	5.5
Australia/World %	1.9	3.2	3.2	3.4	2.8	2.5	4.1	3.8	2.5	3.7	1.8	3.9
Argentina/World %	2.0	1.8	1.7	2.5	2.6	1.5	1.8	1.9	1.8	1.8	3.0	2.4
W. Europe/World %	14.9	13.7	15.9	13.8	12.2	12.5	11.3	11.5	12.5	12.1	12.4	12.0
CONSUMPTION												
U.S.	21.7	20.4	18.8	19.6	20.4	23.1	22.8	21.3	21.1	23.2	25.2	27.9
World Total	363.2	367.5	359.7	351.7	378.2	399.5	430.1	443.4	444.0	442.2	467.6	476.6
U.S./World %	6.0	5.6	5.2	5.6	5.4	5.8	5.3	4.8	4.8	5.2	5.4	5.9
ENDING STOCKS												
U.S.	16.3	9.2	11.7	18.1	30.3	32.0	25.1	24.5	26.9	31.7	41.9	41.6
World Total	59.8	66.0	62.7	62.2	99.3	82.3	100.9	81.0	79.0	86.1	98.0	105.6
U.S./World %	27.3	13.9	18.7	29.1	30.5	38.9	24.9	30.2	34.1	36.8	42.8	39.4

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*Through October 14, 1983 "Wheat" includes wheat flour and products.

**Western Europe = essentially the European Community (EC)

Source = USDA Foreign Agricultural Service, *Foreign Agriculture Circular: Grains* (Washington, D.C.: GPO, 1983), various issues.

Review and Outlook

After some hesitation, Nebraska's economy joined the national recovery—net physical volume increased 1.0 percent on a month-to-month basis. Agriculture led the monthly improvement in the Nebraska economy.

Cash farm marketing receipts in January were $637 million, up $86 million from December (unadjusted for seasonal variations). Receipts were $335 million below January 1983 levels. Nationally, cash farm marketings were $11.9 billion in January, down slightly from December 1983 levels, and down $2.5 billion January to January.

The Nebraska economy benefits from higher prices for agriculture commodities. On a month-to-month basis, prices received by Nebraska producers increased 1.5 percent, while on a year-to-year basis prices received by agriculture producers are up 9.1 percent.

Liquidation within the agriculture sector reflects the effects of high interest rates and the payment-in-kind (PIK) program. Continued high interest rates make it difficult for some producers to receive credit. In 1983, the PIK program provided

(continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

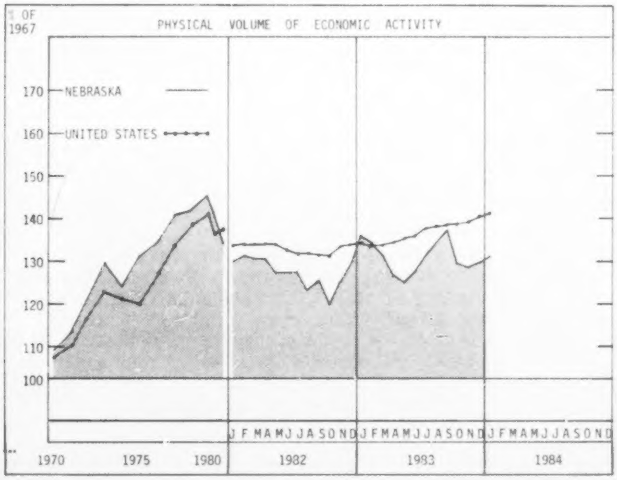
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

January 1984	Current Month as Percent of Same Month Previous Year		1984 Year to Date as Percent of 1983 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	101.7	109.8	101.7	109.8
Agricultural	57.8	82.9	57.8	82.9
Nonagricultural	110.1	110.6	110.1	110.6
Construction	132.0	113.4	132.0	113.4
Manufacturing	117.2	113.9	117.2	113.9
Distributive	106.8	110.2	106.8	110.2
Government	112.6	106.2	112.6	106.2
Physical Volume	96.2	105.3	96.2	105.3
Agricultural	53.0	73.5	53.0	73.5
Nonagricultural	105.7	106.6	105.7	106.6
Construction	128.9	110.7	128.9	110.7
Manufacturing	114.1	111.4	114.1	111.4
Distributive	102.6	105.8	102.6	105.8
Government	103.8	99.7	103.8	99.7

2. CHANGE FROM 1967

Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	375.8	407.9
Agricultural	260.8	303.7
Nonagricultural	393.1	411.2
Construction	260.8	374.3
Manufacturing	359.3	316.1
Distributive	417.0	467.1
Government	408.3	413.7
Physical Volume	131.2	141.1
Agricultural	98.8	114.6
Nonagricultural	136.1	142.0
Construction	76.7	110.1
Manufacturing	145.7	125.7
Distributive	136.6	153.1
Government	150.7	146.2

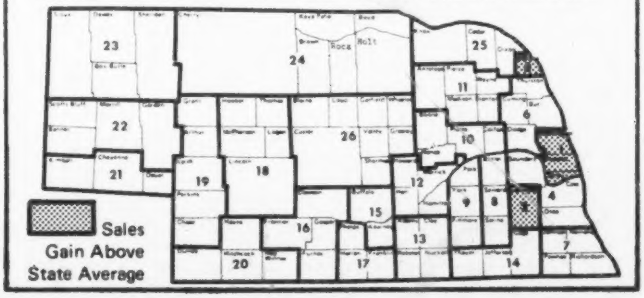


3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES

Region Number and City	City Sales	Sales in Region	
	Jan. '84 as percent of Jan. '83	Jan. '84 as percent of Jan. '83	year to date 84 as percent of year to date 83
The State	108.9	110.1	110.1
1 Omaha	120.4	120.3	120.3
Bellevue	124.4		
Blair	104.1		
2 Lincoln	109.6	110.6	110.6
3 So. Sioux City	106.5	110.8	110.8
4 Nebraska City	105.6	103.2	103.2
6 Fremont	104.8	107.5	107.5
West Point	104.5		
7 Falls City	93.4	98.3	98.3
8 Seward	113.5	108.4	108.4
9 York	98.5	103.9	103.9
10 Columbus	98.4	98.7	98.7
11 Norfolk	99.8	92.3	92.3
Wayne	98.3		
12 Grand Island	102.1	104.6	104.6
13 Hastings	106.4	108.4	108.4
14 Beatrice	98.2	97.5	97.5
Fairbury	87.7		
15 Kearney	103.6	105.6	105.6
16 Lexington	102.5	99.2	99.2
17 Holdrege	103.4	100.9	100.9
18 North Platte	104.9	104.4	104.4
19 Ogallala	108.9	101.6	101.6
20 McCook	104.2	101.1	101.1
21 Sidney	110.9	105.0	105.0
Kimball	92.8		
22 Scottsbluff/Gering	101.2	103.7	103.7
23 Alliance	98.9	98.4	98.4
Chadron	99.5		
24 O'Neill	99.8	104.6	104.6
25 Hartington	107.5	100.4	100.4
26 Broken Bow	102.0	99.8	99.8

State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Region totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.

1984 YEAR TO DATE AS PERCENT OF 1983 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(continued from page 4)

cash flow and reduced input costs, thereby decreasing the need to borrow. With the end of PIK and a slight rise in interest rates, some producers have been forced to liquidate. The impact of two years of liquidation are now being felt, because the PIK program limited liquidation in 1983.

The nonagriculture component of the Nebraska economy was unchanged according to the Bureau of Business Research's net physical volume index. Construction recorded a small increase, as did the government sector. These gains were offset by declines in manufacturing and distributive trade.

Construction recorded a 9.8 percent increase on a month-to-month basis. Output from the construction sector is above January 1983 levels, but is still depressed from 1970s levels.

Output from Nebraska's manufacturing sector declined 0.1 percent December-January. This decrease is too small to reflect any real trend. Output in the manufacturing sector has grown steadily in recent months, with employment up 8,000 from the recession low.

The distributive trade sector recorded a 0.3 percent decline on a month-to-month basis. This sector has shown little variation in the past 18 months.

Nebraska retail sales were $670 million in January 1984, up from $608 million in January 1983. Motor vehicle sales were $80 million in January 1984, up more than 20 percent from January 1983's $67 million. When adjusted for price changes, motor vehicle sales rose 7.6 percent on a year-to-year basis.

Nonmotor vehicle sales were up—$590 million in January 1984 compared with $542 million one year ago. Unadjusted nonmotor vehicle sales rose 8.9 percent, 5.1 percent when adjusted for price changes. The commodity component of the consumer price index increased 3.6 percent on a year-to-year basis. Inflation remains under control, although the strength of the national economy causes some concern about price increases later in 1984 and 1985.

Bellevue lead all Nebraska cities with a 13.9 percent increase in its city business index. Omaha recorded a 10.8 percent increase and Sidney an 8.0 percent increase. These three communities have consistently ranked near the top in the Bureau of Business Research's city business index. Seward recorded a 5.4 percent increase in its city business index, which placed it above the state average gain of 4.2 percent.

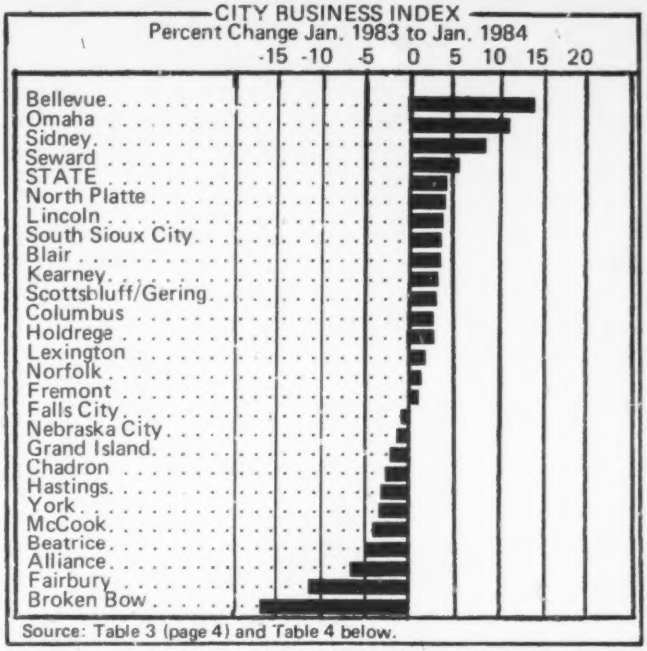
D.E.P.

5. PRICE INDEXES

January 1984	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	305.2	104.1	104.1
Commodity component	276.8	103.6	103.6
Wholesale Prices	308.1	102.7	102.7
Agricultural Prices			
United States	265.0	112.8	112.8
Nebraska	264.0	109.1	109.1

*Using arithmetic average of monthly indexes.
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

CITY BUSINESS INDEX
Percent Change Jan. 1983 to Jan. 1984



Source: Table 3 (page 4) and Table 4 below.

4. January 1984 CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Employment[1]	Building Activity[2]	Power Consumption[3]
The State	101.4	132.5	115.9
Alliance	99.5	38.2	110.1
Beatrice	102.4	45.6	115.8
Bellevue	102.6	222.4	96.3
Blair	99.3	215.0	110.6
Broken Bow	88.4	11.1	117.4
Chadron	102.8	66.5	NA
Columbus	109.9	111.8	114.3
Fairbury	103.4	26.0	169.0
Falls City	102.5	181.8	116.0
Fremont	100.8	98.8	114.5
Grand Island	103.1	59.0	119.1
Hastings	99.7	43.4	123.5
Holdrege	94.6	292.5	127.5
Kearney	102.8	146.3	126.1
Lexington	101.4	135.0	116.2
Lincoln	100.6	120.7	117.3
McCook	92.5	77.9	124.3
Nebraska City	104.5	46.4	125.8
Norfolk	101.3	154.0	109.7
North Platte	103.0	157.9	120.7
Omaha	102.6	167.6	114.0
Scottsbluff/Gering	100.0	224.0	120.7
Seward	102.5	100.8	113.3
Sidney	101.4	244.5	111.8
So. Sioux City	100.6	157.2	113.2
York	97.4	107.0	107.2

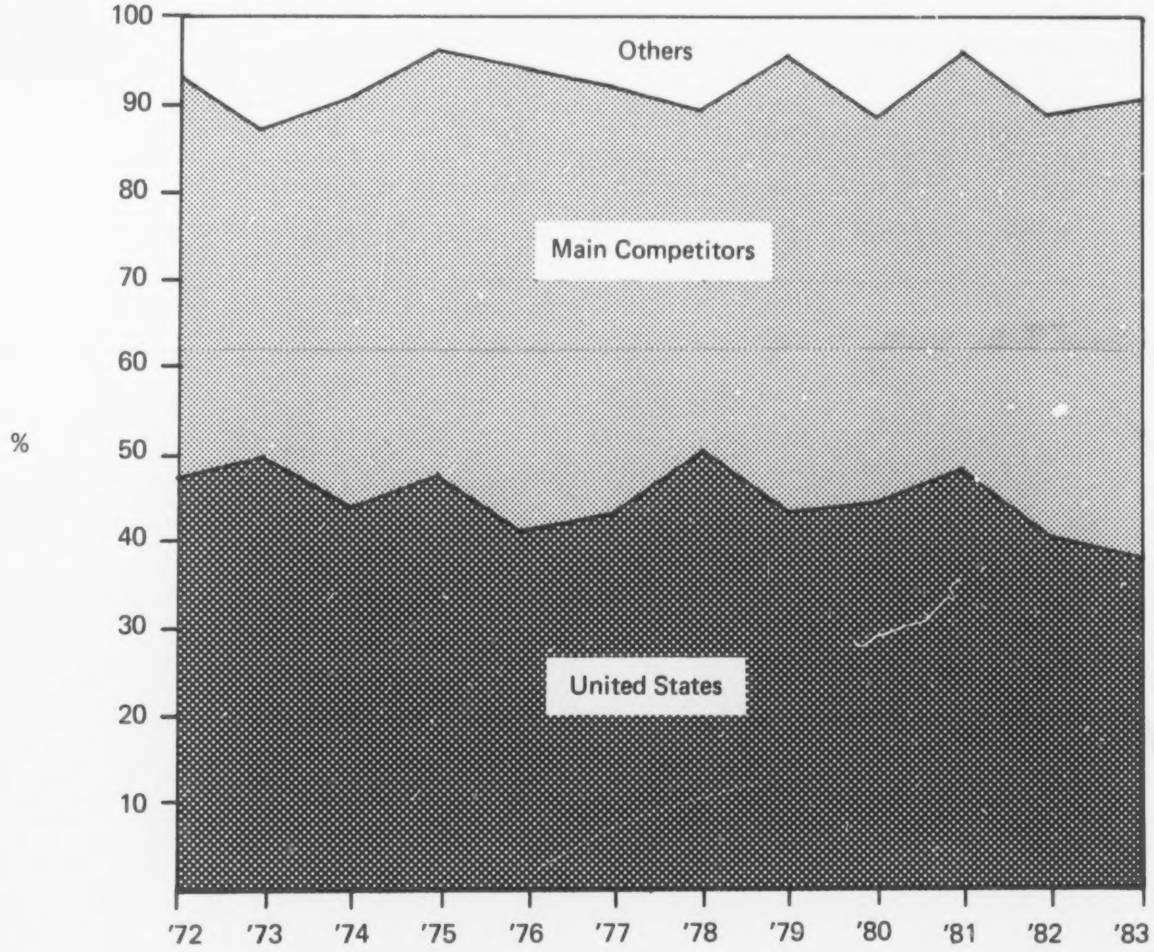
[1] As a proxy for city employment, total employment for the county in which a city is located is used.

[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

World Wheat and Flour Trade
Percent of Total
1972–1983



BUSINESS IN NEBRASKA
PREPARED BY BUREAU OF BUSINESS RESEARCH
Member, Association for University Business & Economic Research
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Volume 63 No. 476 May 1984

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June 1984
Vol. 63 No. 477

BUSINESS IN NEBRASKA

Prepared by the Bureau of Business Research, 200 College of Business Administration, University of Nebraska, Lincoln, NE 68588-0406, 402/472-2334

NEBRASKA'S FARMLAND MARKET IN PERSPECTIVE

It is no news to most Nebraskans that agriculture is undergoing tough economic times. The chant of the auctioneer has been heard more frequently in rural Nebraska this spring than at any time since the 1930s. The price of farm real estate has trended downward. This article examines recent farm real estate market conditions, and discusses possible future trends.

CHARTING THE RECENT HISTORY

The market for farmland during the 1970s has been described as "optimistic growth". Almost without interruption, the average value of Nebraska farmland climbed rapidly. Price levels at the end of the decade were typically more than two and one half times those of 1970. This was particularly dramatic, as many areas had taken nearly forty years to rebound from per acre farmland value losses of the 1920s and 1930s. In virtually every area of the state, land boom conditions in the 1970s were pervasive and unprecedented; farmland values rose at twice the general rate of inflation.

Farmers and other landowners enjoyed a rapid buildup of paper wealth as value increases swelled the asset side of their balance sheets. Concurrently, the sector's dependence on debt capital expanded greatly. Total agricultural debt doubled during the last half of the 1970s, in large part because the land boom depended heavily upon debt capital.

The 1980s have been a period of sobering economic change for agriculture. Nebraska's farm income during the 1980s has been less than two-thirds the 1970s average in constant dollar terms. Drought and other adverse weather conditions, depressed prices, and extremely high interest rate levels have sapped income levels and created extreme financial stress for many.

In 1981, the market for agricultural land began to soften. For three consecutive years, farm real estate values have dropped. (See Figure 1.) Annual declines in Nebraska for the years 1981 to 1983 averaged 3.9 percent, 10.8 percent, and 8.4 percent respectively. By February 1, 1984, the average total decline from the peak levels of 1980 was about 22 percent. As illustrated by the dotted line in Figure 1, this indicates that February, 1984 values were comparable to the levels of five years ago in nominal terms. Moreover, when adjusted for the general rate of inflation and expressed in constant dollars, 1984 farmland values in Nebraska are at levels of ten years ago. In other words, a significant amount of the capital gains which had built on paper during the preceeding boom period has eroded during the first half of the 1980s. Since real estate is an important source of credit collateral for the sector, this land value turnabout has magnified the financial stress which many individuals face today.

FARMLAND VALUE TRENDS DURING 1983

Each year, the UN-L Department of Agricultural Economics conducts a statewide farm real estate survey. Questionnaires are mailed each January to individuals across the state who are knowledgeable about farm real estate market conditions in their area. These individuals provide estimates of current value of various types of agricultural land in their area. These estimates are the basis of a continuing land value series by Crop Reporting District (Figure 2).

For the twelve-month period ending February 1, 1984, Nebraska farmland value declines ranged from about six percent in the South district to nearly eleven percent in the Central district (Table 1). Enrollment in the PIK program was relatively high in the South district and may have contributed to the smaller decline during 1983 in those counties. Grazing land, which is a very significant portion of the Central district, reportedly dropped substantially and influenced the all-land average in that district. Severe drought conditions in the Southeast contributed to an estimated ten percent decline in that area of the state. No area was spared from value declines for virtually all types of agricultural land; only the magnitude varied.

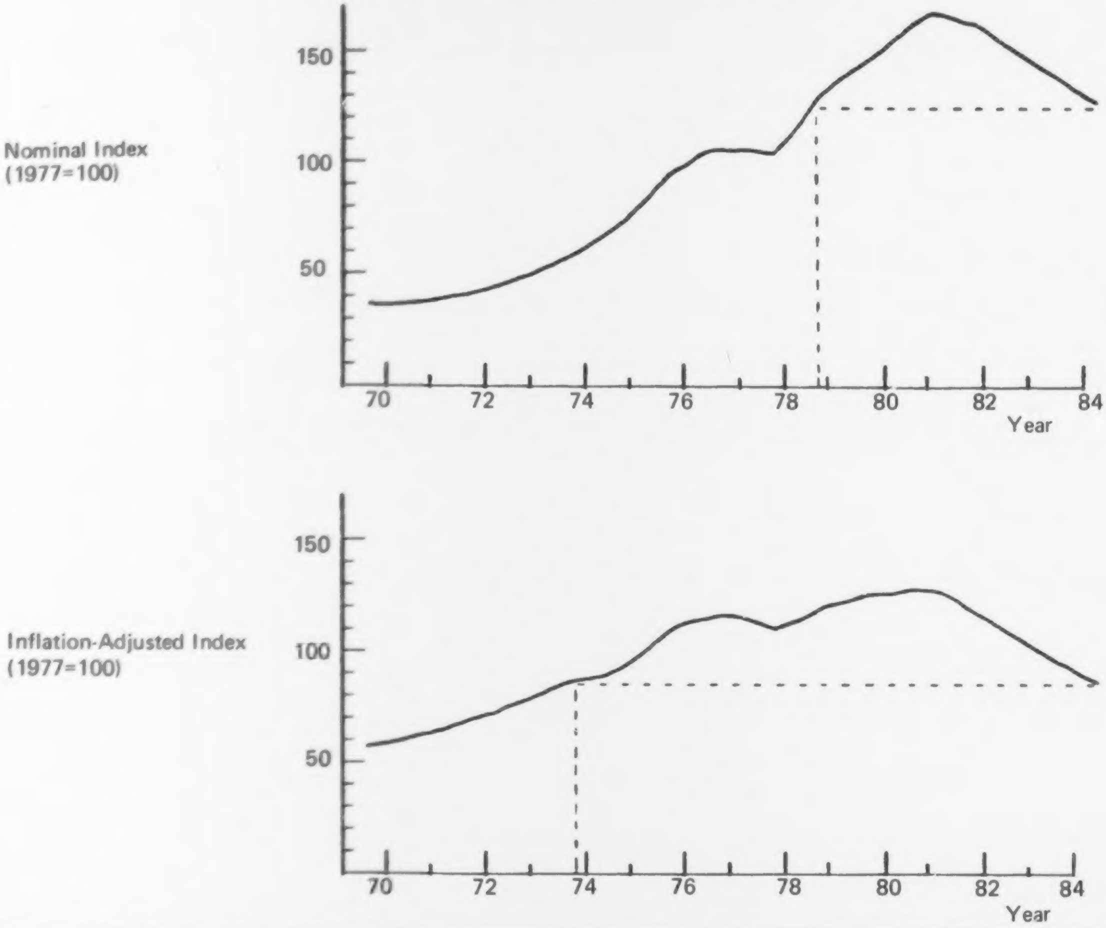
On average, dry and irrigated cropland was off seven to eight percent from year-earlier levels, although regional differences did exist. Apparently, the impact of the PIK program was insufficient to stabilize cropland values during 1983.

Statewide, grazing land values experienced larger percentage declines during the twelve-month period ending February 1, 1984. In many areas, estimated values were off more than ten percent from year-earlier levels. Obviously, chronically low returns to cattle producers in recent years have softened the demand for range and pasture land.

In summary, 1983 was not a turnaround year for Nebraska's farmland market. Land values declined an average of 8.4 percent from February 1, 1983 to February 1, 1984. A decisive decline was apparent for all types of Nebraska farmland, with prices dropping on $150 per acre grazing land as well as on $2,000 per acre irrigated land. A substantial portion of appreciation which accrued during the 1970s has vanished.

(continued on page 2)

Figure 1
Nebraska Farmland Values 1970 to 1984
Nominal Index and Inflation-Adjusted Index of Value



(continued from page 1)

1984 TRENDS

The land market has been volatile in recent years; the first half of 1984 was no exception. A relatively high incidence of sales due to financial stress during the early months of 1984 led to further slippage in farmland values since February 1st. According to the national land value survey conducted each April by USDA, Nebraska recorded one of the largest percentage declines of any state from April 1983 to April 1984. USDA preliminary estimates suggest that Nebraska farmland values declined about twelve to thirteen percent over that twelve-month period. While the USDA survey series is not entirely compatible with the Nebraska series, the two do tend to track closely over time. This relatively greater decline shown by USDA's April 1st survey suggests further erosion of values since February 1, 1984. In fact, current levels (June 1984) may be about four percent below the February 1st values recorded in Table 1.

ARE WE APPROACHING THE FLOOR?

The psychological effect of a declining land market can be influential. Just as "bullishness" can be, for a time, self-fulfilling on the appreciating side, so can "bearishness" be on the depreciating side. The first half of 1984 will be earmarked as pessimistic for Nebraska agriculture. Yet, encouraging signs suggest that land values are ending their "free fall" and approaching a more stable state. The most convincing evidence is the current level of cash rents to market value.

While farmland values have fallen as much as 25 percent from peak levels of 1980, average cash rental rates for farmland have remained relatively stable. As a result, the rent-to-value ratio has climbed steadily over the past three years. On average, the 1984 rent-to-value ratios on irrigated cropland, dry cropland, and grazing land were 8.2 percent, 7.4 percent, and 5.8 percent respectively--the highest these ratios have been since the mid-1970s.

(continued on page 3)

(continued from page 2)

This implies current values are more reflective of short term earnings potential than those of 1980, when buyers incorporated anticipated earnings growth and rapid land appreciation into their bid prices. For many types of land purchased today with conventional financing, the current levels of cash rents are sufficient to cover mortgage payments and other expenses of ownership and generate a modest, positive return to owner equity. As more potential buyers realize this, the economic incentives for purchase will be enhanced. Thus, the demand side of the market may soon respond with renewed enthusiasm.

A second factor is the substantial adjustment in agriculture that has already taken place. Unless the agricultural economy remains in a chronically low income state, the incidence of forced sales activity should subside.

Economic conditions still remain difficult; the timing and magnitude of economic recovery remains probabilistic. With a high degree of economic uncertainty, it would be presumptuous to predict a quick reversal of land value trends. Nevertheless, it does appear, with adjustment in values over the past forty-two months, that prices have moved closer to a land value floor, where more stable market conditions may be forthcoming.

BRUCE B. JOHNSON*

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Table I
AVERAGE REPORTED VALUE OF NEBRASKA FARMLAND FOR DIFFERENT TYPES OF LAND BY CROP REPORTING DISTRICT, FEBRUARY 1, 1983 AND FEBRUARY 1, 1984

	Crop Reporting District								
Type of Land And Year Reported	Northwest	North	Northeast	Central	East (dollars per acre)	Southwest	South	Southeast	STATE[2]
Dryland Cropland (no irrigation potential)									
1984	379	300	779	416	1,129	444	653	840	632
1983	387	321	864	450	1,204	469	664	939	681
Percent change:	-2.1	-6.5	-9.8	-7.6	-6.2	-5.3	-1.7	-10.5	-7.2
Dryland Cropland (irrigation potential)									
1984	507	441	911	638	1,349	631	1,050	1,069	905
1983	563	462	975	680	1,462	654	1,175	1,160	979
Percent change:	-9.9	-4.5	-6.6	-6.2	-7.7	-3.5	-10.4	-7.8	-7.6
Grazing Land (tillable)									
1984	187	233	500	325	661	285	519	521	289
1983	198	234	571	405	789	315	555	589	315
Percent change:	-5.6	-0.4	-12.4	-19.7	-16.2	-9.5	-6.5	-11.5	-8.2
Grazing Land (nontillable)									
1984	134	152	350	248	455	168	328	384	184
1983	151	169	375	283	511	181	339	460	205
Percent change:	-11.3	-10.6	-6.7	-12.4	-11.0	-7.2	-3.2	-16.5	-10.2
Hayland									
1984	283	247	497	295	568	329	369	463	296
1983	290	286	509	408	658	344	375	496	331
Percent change:	-2.4	-13.6	-2.4	-27.7	-13.7	-4.4	-1.6	-6.6	-10.6
Gravity Irrigated									
1984	1,269	1,020	1,429	1,613	1,838	1,250	1,762	1,639	1,601
1983	1,361	1,000	1,430	1,798	1,969	1,412	1,872	1,854	1,737
Percent change:	-6.8	+1.2	-0.1	-10.3	-6.6	-11.5	-5.9	-11.6	-7.8
Center Pivot Irrigated[1]									
1984	800	698	1,130	969	1,655	827	1,350	1,465	1,049
1983	847	769	1,217	1,016	1,727	926	1,391	1,643	1,130
Percent change:	-5.5	-9.2	-7.1	-4.6	-4.2	-10.7	-2.9	-10.8	-7.2
All Land Average[2]									
1984	318	229	829	654	1,341	442	990	989	588
1983	343	248	890	734	1,475	480	1,057	1,099	642
Percent change	-7.3	-7.7	-6.8	-10.9	-9.1	-7.9	-6.3	-10.0	-8.4

[1] Value of pivot not included in per acre value.
[2] Weighted averages.
Source: 1983 and 1984 Nebraska Farm Real Estate Market Surveys.

Review and Outlook

Nebraska's economy continued to expand in February; the net physical volume index increased a vigorous 2.6 percent on a month-to-month basis. The Bureau of Business Research's volume index stood at 135.4 (1967=100) in February 1984, about 2.0 percent above the 1983 level. The index is up 12.8 percent from the recessionary low of 120.0 reached in October 1982. The Nebraska economy has made limited gains since the fourth quarter of 1982.

Cash farm marketings were $433 million in February 1984, down 25.0 percent from the year previous. Prices received by Nebraska producers were up 5.3 percent February-to-February. It is interesting to note that prices received by all farmers were up 9.1 percent during the same interval.

The non-agricultural sector of Nebraska's economy rose 0.6 percent January-February 1984. Construction was up 3.0 percent on a month-to-month basis, while manufacturing declined 1.8 percent. The distributive trade component grew 1.3 percent. Government recorded a 0.4 percent increase.

The construction sector recorded an increase in February; this sector remains, however, well below previous levels. Output

(continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

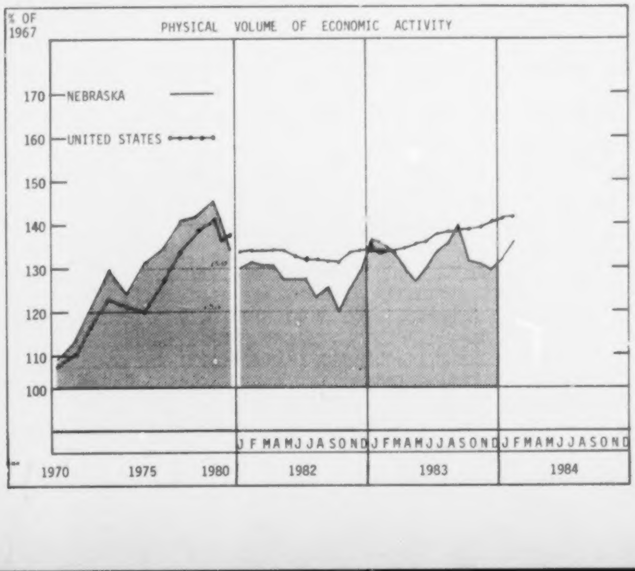
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

February 1984	Current Month as Percent of Same Month Previous Year		1984 Year to Date as Percent of 1983 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	104.7	110.4	103.5	110.0
Agricultural	67.8	84.7	62.8	83.8
Nonagricultural	111.9	111.2	111.4	110.9
Construction	142.7	120.2	137.2	116.7
Manufacturing	117.5	113.9	117.4	114.0
Distributive	108.7	110.6	108.2	110.3
Government	114.1	106.3	113.6	106.3
Physical Volume	99.4	105.8	98.1	105.6
Agricultural	64.4	77.6	58.7	75.5
Nonagricultural	107.1	106.9	106.7	106.7
Construction	139.7	117.7	134.2	114.2
Manufacturing	114.3	111.3	114.2	111.4
Distributive	104.2	106.0	103.8	105.8
Government	105.3	99.9	104.8	99.9

2. CHANGE FROM 1967

Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	388.1	409.8
Agricultural	311.4	307.0
Nonagricultural	399.5	413.1
Construction	268.8	388.8
Manufacturing	354.9	319.0
Distributive	427.1	467.2
Government	413.5	415.8
Physical Volume	135.4	141.5
Agricultural	119.8	116.7
Nonagricultural	137.7	142.3
Construction	79.1	114.4
Manufacturing	143.2	126.4
Distributive	139.6	152.7
Government	152.0	146.3

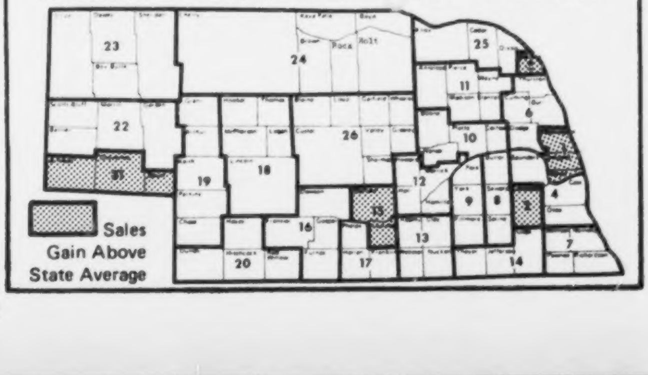


3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES

Region Number and City	City Sales	Sales in Region	
	Feb. '84 as percent of Feb. '83	Feb. '84 as percent of Feb. '83	84 to date as percent of 83 to date
The State	107.5	110.3	110.2
1 Omaha	105.6	108.7	114.4
Bellevue	106.8		
Blair	109.1		
2 Lincoln	111.5	115.1	112.8
3 So. Sioux City	112.4	106.8	108.9
4 Nebraska City	96.1	100.4	101.8
6 Fremont	109.6	105.6	106.7
West Point	98.9		
7 Falls City	102.7	103.7	100.7
8 Seward	111.5	107.3	107.9
9 York	103.0	104.7	104.2
10 Columbus	113.5	105.5	101.7
11 Norfolk	100.8	98.5	95.0
Wayne	78.9		
12 Grand Island	102.6	103.3	104.0
13 Hastings	101.8	103.3	105.9
14 Beatrice	110.8	104.0	100.5
Fairbury	76.0		
15 Kearney	121.0	115.7	110.2
16 Lexington	106.5	100.7	99.9
17 Holdrege	104.8	101.0	100.9
18 North Platte	104.7	104.1	104.3
19 Ogallala	101.9	107.3	104.2
20 McCook	117.5	112.6	106.1
21 Sidney	129.6	115.2	109.5
Kimball	104.0		
22 Scottsbluff/Gering	96.0	101.3	102.6
23 Alliance	105.1	106.2	101.8
Chadron	114.6		
24 O'Neill	91.6	93.9	99.6
25 Hartington	91.1	87.4	94.2
26 Broken Bow	88.6	92.3	96.4

State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Region totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.

1984 YEAR TO DATE AS PERCENT OF 1983 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(continued from page 4)

from Nebraska's manufacturing sector fell 1.8 percent on a month-to-month basis. The index in February 1984 stood at 143.2. One year ago it was 125.3, while two years ago (February 1982) the index was 149.3. The index suggests manufacturing output has remained essentially unchanged since August 1983.

The distributive trade component of Nebraska's economy was up 1.3 percent on a month-to-month basis. The index is about 2.0 percent above February 1983 levels and 13.0 percent above February 1982 levels.

Retail sales in Nebraska were markedly below the national level in February. Retails sales in Nebraska were up 10.3 percent (unadjusted for price changes), while national retail sales were up 15.2 percent. When adjustments are made for price changes, Nebraska's retail sales were up 4.8 percent, while national retail sales were up 10.5 percent.

Nebraska motor vehicle sales rose 32.5 percent, unadjusted for price changes, in February compared with one year previous. Dollar volume of motor vehicle sales was $80.6 million in February 1984, compared with $60.8 million in February 1983. When adjustments for price changes are made, Nebraska's motor vehicle sales increased 18.2 percent.

Communities with gains above the state average in their city business indexes include: Sidney (up an impressive 14.8 percent); Kearney, 9.8 percent; Columbus, 8.3 percent; Bellevue, 7.9 percent; South Sioux City, 7.1 percent; Omaha, 5.1 percent; Lincoln, 4.5 percent; and Blair, 4.3 percent. The state average was 3.6 percent; all of the communities above recorded larger gains in their respective city business indexes.

Sidney continues to benefit from construction activity and a strong retail sales base. Kearney's strength is also associated with retail sales and increased building activity, while Columbus has recorded impressive gains in retail sales with a limited increase in building activity. Bellevue continues to benefit from improved retail sales and strong construction gains.

D.E.P.

5. PRICE INDEXES

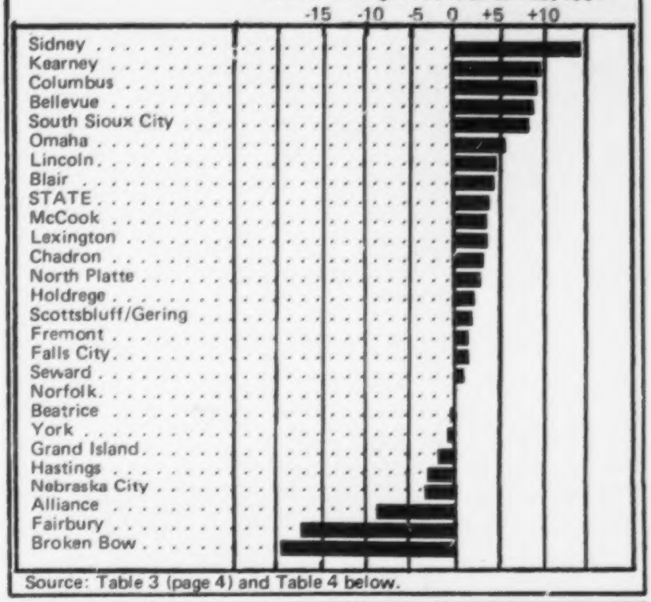
February 1984	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	306.0	104.4	104.2
Commodity component	278.3	104.3	104.0
Wholesale Prices	308.8	102.6	102.7
Agricultural Prices			
United States	263.0	109.1	110.9
Nebraska	260.0	105.3	107.2

*Using arithmetic average of monthly indexes.

Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

CITY BUSINESS INDEX

Percent Change Feb. 1983 to Feb. 1984



Source: Table 3 (page 4) and Table 4 below.

4. February 1984 CITY BUSINESS INDICATORS

The State and Its Trading Centers	Employment[1]	Building Activity[2]	Power Consumption[3]
	Percent of Same Month a Year Ago		
The State	101.4	139.9	100.4
Alliance	98.6	16.7	101.6
Beatrice	102.4	43.1	90.3
Bellevue	103.4	300.8	102.4
Blair	96.7	217.1	96.5
Broken Bow	88.6	19.9	103.2
Chadron	100.8	73.2	106.6
Columbus	109.0	108.3	94.6
Fairbury	102.2	27.9	96.0
Falls City	101.2	135.1	108.2
Fremont	99.6	86.5	108.1*
Grand Island	102.4	57.8	116.1
Hastings	99.6	59.8	103.5
Holdrege	94.1	249.6	95.6
Kearney	101.5	152.3	105.0
Lexington	102.0	134.7	116.1
Lincoln	101.6	117.2	101.5
McCook	92.6	123.0	102.0
Nebraska City	103.5	66.6	102.3
Norfolk	100.5	131.2	113.3
North Platte	102.5	143.3	110.8
Omaha	103.4	189.7	95.8
Scottsbluff/Gering	101.5	256.2	77.9
Seward	98.5	76.9	96.3
Sidney	100.8	194.0	112.6
So. Sioux City	100.8	197.3	99.2
York	98.6	108.2	95.4

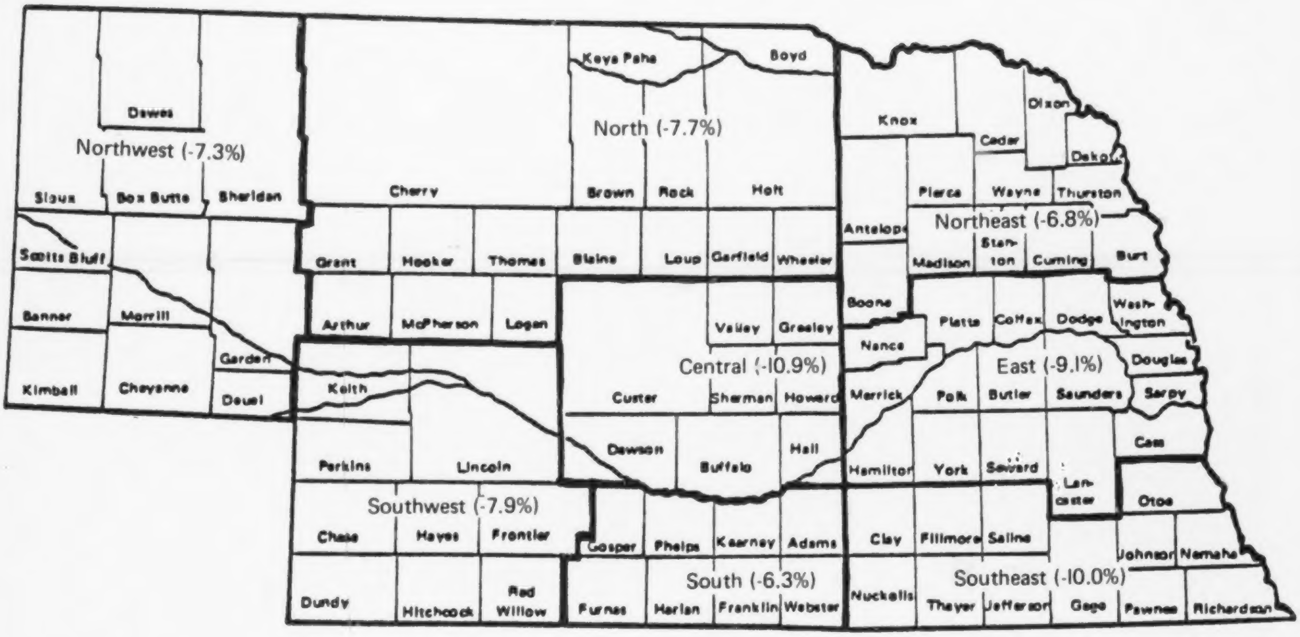
[1] As a proxy for city employment, total employment for the county in which a city is located is used.

[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

Figure 2
Nebraska Crop Reporting Districts


Northwest (-7.3%)
North (-7.7%)
Northeast (-6.8%)
Central (-10.9%)
East (-9.1%)
Southwest (-7.9%)
South (-6.3%)
Southeast (-10.0%)
Sioux
Dawes
Box Butte
Sheridan
Scotts Bluff
Banner
Morrill
Garden
Kimball
Cheyenne
Deuel
Cherry
Keya Paha
Boyd
Brown
Rock
Holt
Knox
Cedar
Dixon
Dakota
Pierce
Wayne
Thurston
Antelope
Madison
Stanton
Cuming
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Douglas
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Dawson
Buffalo
Hall
Hamilton
York
Seward
Lancaster
Cass
Otoe
Perkins
Lincoln
Chase
Hayes
Frontier
Gosper
Phelps
Kearney
Adams
Clay
Fillmore
Saline
Johnson
Nemaha
Dundy
Hitchcock
Red Willow
Furnas
Harlan
Franklin
Webster
Nuckolls
Thayer
Jefferson
Gage
Pawnee
Richardson

(All Land Average Change, February 1, 1983 to February 1, 1984)

BUSINESS IN NEBRASKA
PREPARED BY BUREAU OF BUSINESS RESEARCH
Member, Association for University Business & Economic Research

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No. 477 June 1984

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BUSINESS IN NEBRASKA

Prepared by the Bureau of Business Research, 200 College of Business Administration, University of Nebraska, Lincoln, NE 68588-0406, 402/472-2334

NEBRASKA RETAIL SALES, 1982-1983

Nebraska's 1983 net taxable retail sales amounted to $9,189 million, up $25 million from the 1982 total of $9,164 million (Table 2, page 2). On an actual dollar basis, this growth represented an increase of 0.3 percent in 1983, a slight improvement from 1982's loss of 3.2 percent.

To compensate for price changes that occurred, the dollar volume of taxable retail sales was adjusted by the commodity component of the consumer price index. This index increased by 2.9 percent, resulting in a price-adjusted or real change in sales of −2.6 percent. This compares to a 1982 decline of 6.9 percent.

The net taxable sales figures presented in this article were derived from general sales tax figures compiled by the Nebraska Department of Revenue. The sales tax applies to most retail sales and is complemented with a general use tax. Beginning in October 1983, however, the tax base was altered considerably when food items for home consumption were exempted from the sales tax. Although no precise measure of this impact has been made, it is estimated that taxable nonmotor vehicle sales were reduced approximately 13.0 percent at the state level. Obviously, this number would vary from county to county, as large counties with a more diversified sales base would be affected less than smaller counties.

Keeping this in mind, it is possible to make a simple adjustment to the 1982–1983 percent changes by adding 3.4 to the percent changes and 3.3 to the price-adjusted percent changes in Table 1. If the tax base had been the same in 1982 and 1983, the state's total nonmotor vehicle sales would have increased approximately 1.9 percent and would have been down 1.0 percent on a price-adjusted basis.

Similarly, 3.2 and 3.1 can be added to the respective values in Table 2. From this, it can be seen that change in the state's total net taxable sales would be increased from 0.3 percent to 3.5 percent, and from a 2.6 percent price-adjusted decline to a 0.5 percent growth. It is important to remember, however, that these adjustments are for illustrative purposes only, as there is no way of knowing the actual adjustments.

The geographic distribution of net taxable retail sales by planning region and county, with the respective changes that

(continued on page 3)

Table 1
Net Taxable Retail Sales[1] In Selected Nebraska Trading Centers
1982 and 1983

Trading Center	1982 ($000)	1983 ($000)	Percent Change	Price Adjusted Percent Change[2]
Alliance	63,643	63,547	-0.2	-3.1
Beatrice	86,730	85,013	-2.0	-4.8
Bellevue	103,379	111,212	7.6	4.5
Blair	44,926	41,350	-8.0	-10.6
Broken Bow	40,233	38,840	-3.5	-6.3
Chadron	34,572	33,650	-2.7	-5.5
Columbus	148,866	144,261	-3.1	-5.9
Fairbury	36,278	36,127	-0.4	-3.3
Falls City	32,070	30,442	-5.1	-7.8
Fremont	155,161	154,160	-0.6	-3.4
Grand Island	337,950	334,622	-1.0	-3.8
Hartington	18,813	17,109	-9.1	-11.7
Hastings	159,175	159,174	0.0	-2.9
Holdrege	61,259	54,008	-11.8	-14.3
Kearney	174,749	172,917	-1.0	-3.8
Kimball	33,033	28,498	-13.7	-16.2
Lexington	61,668	60,324	-2.2	-5.0
Lincoln	991,234	1,031,869	4.1	1.1
McCook	85,036	80,306	-5.6	-8.3
Nebraska City	46,514	44,364	-4.6	-7.3
Norfolk	173,161	172,529	-0.4	-3.3
North Platte	174,945	170,433	-2.6	-5.4
Ogallala	53,263	51,377	-3.5	-6.3
Omaha	2,455,601	2,562,833	4.4	1.4
O'Neill	45,031	42,732	-5.1	-7.8
Scottsbluff/Gering	189,069	183,212	-3.1	-5.9
Seward	40,737	37,435	-8.1	-10.7
Sidney	42,858	41,163	-4.0	-6.8
South Sioux City	37,214	37,424	0.6	-2.3
Wayne	35,388	33,341	-5.8	-8.5
West Point	30,836	30,059	-2.5	-5.3
York	73,398	69,751	-5.0	-7.7
Total 32 Centers	6,066,790	6,154,082	1.4	-1.5
TOTAL STATE[3]	8,317,986	8,190,373	-1.5	-4.3

[1] Excluding motor vehicle sales, and in October, November, and December 1983, also excluding food sales.

[2] Current dollar sales adjusted (deflated) for price changes using commodity prices component of the Bureau of Labor Statistics' Consumer Price Index.

[3] Total state sales include some sales that cannot be allocated to cities, counties, or regions.

Source: Compilations by Bureau of Business Research from special tabulations provided by Nebraska Tax Commissioner.

Table 2
Net Taxable Retail Sales[1] Of Nebraska's Planning and Development Regions and Counties, 1982 and 1983

Region and County	1982 ($000)	1983 ($000)	Percent Change	Price Adjusted Percent Change[2]
Region 1	3,006,075	3,185,311	6.0	2.9
Douglas	2,719,731	2,883,349	6.0	3.0
Sarpy	224,651	242,120	7.8	4.7
Washington	61,693	59,842	-3.0	-5.8
Region 2	1,100,515	1,160,529	5.5	2.4
Lancaster	1,100,515	1,160,529	5.5	2.4
Region 3	56,247	58,154	3.4	0.4
Dakota	56,247	58,154	3.4	0.4
Region 4	192,801	186,894	-3.1	-5.8
Cass	58,728	57,936	-1.3	-4.1
Otoe	73,558	70,762	-3.8	-6.6
Saunders	60,515	58,196	-3.8	-6.6
Region 6	309,946	304,621	-1.7	-4.5
Burt	36,658	35,710	-2.6	-5.4
Cuming	57,382	55,219	-3.8	-6.6
Dodge	202,139	200,442	-0.8	-3.6
Thurston	13,767	13,250	-3.8	-6.6
Region 7	110,898	105,124	-5.2	-7.9
Johnson	19,962	18,858	-5.5	-8.2
Nemaha	32,415	30,810	-5.0	-7.3
Pawnee	11,341	10,041	-11.5	-14.0
Richardson	47,180	45,415	-3.7	-6.5
Region 8	153,718	149,013	-3.1	-5.8
Butler	31,026	28,197	-9.1	-11.7
Saline	59,604	58,433	-2.0	-4.8
Seward	63,088	62,383	-1.1	-3.9
Region 9	156,813	151,384	-3.5	-6.2
Fillmore	36,355	36,547	0.5	-2.4
Polk	24,661	24,719	0.2	-2.7
York	95,797	90,118	-5.9	-8.6
Region 10	278,644	269,567	-3.3	-6.0
Boone	33,865	33,298	-1.7	-4.5
Colfax	45,397	40,056	-11.8	-14.3
Nance	14,222	14,049	-1.2	-4.0
Platte	185,160	182,164	-1.6	-4.4
Region 11	336,742	333,168	-1.1	-3.9
Antelope	34,837	35,065	0.7	-2.2
Madison	220,012	219,164	-0.4	-3.3
Pierce	28,551	27,383	-4.1	-6.8
Stanton	11,365	11,393	0.2	-2.7
Wayne	41,977	40,163	-4.3	-7.0
Region 12	466,812	467,045	0.0	-2.8
Hall	374,448	378,383	1.1	-1.8
Hamilton	35,784	36,190	1.1	-1.8
Howard	23,254	22,432	-3.5	-6.3
Merrick	33,326	30,040	-9.9	-12.5
Region 13	271,100	268,823	-0.8	-3.7
Adams	183,054	185,130	1.1	-1.8
Clay	33,751	31,159	-7.7	-10.3
Nuckolls	37,006	35,457	-4.2	-6.9
Webster	17,289	17,077	-1.2	-4.0
Region 14	201,261	196,559	-2.3	-5.1
Gage	116,154	113,832	-2.0	-4.8
Jefferson	50,256	50,074	-0.4	-3.3
Thayer	34,851	32,653	-6.3	-9.0
Region 15	260,145	251,350	-3.4	-6.1
Buffalo	226,394	222,353	-1.8	-4.6
Kearney	33,751	28,997	-14.1	-16.6
Region 16	186,529	178,625	-4.2	-7.0
Dawson	135,012	130,104	-3.6	-6.4
Frontier	11,941	10,460	-12.4	-14.9
Furnas	29,613	29,429	-0.6	-3.4
Gosper	9,963	8,632	-13.4	-15.9
Region 17	110,083	99,883	-9.3	-11.9
Franklin	17,014	16,063	-5.6	-8.3
Harlan	18,013	17,218	-4.4	-7.1
Phelps	75,056	66,602	-11.3	-13.8
Region 18	213,240	212,317	-0.4	-3.3
Hooker	3,981	3,767	-5.4	-8.1
Lincoln	202,816	201,817	-0.5	-3.3
Logan	1,947	2,077	6.7	3.6
McPherson	625	625	0.0	-2.9
Thomas	3,871	4,031	4.1	1.1
Region 19	122,633	116,261	-5.2	-7.9
Arthur	1,325	1,135	-14.3	-16.8
Chase	31,111	29,096	-6.5	-9.2
Grant	3,680	3,645	-1.0	-3.8
Keith	65,514	63,565	-3.0	-5.8
Perkins	21,003	18,820	-10.4	-13.0
Region 20	128,680	121,279	-5.8	-8.5
Dundy	12,802	11,979	-6.4	-9.1
Hayes	2,073	2,200	6.1	3.1
Hitchcock	13,046	11,904	-8.8	-11.4
Red Willow	100,759	95,196	-5.5	-8.2
Region 21	103,032	96,879	-6.0	-8.7
Cheyenne	53,415	52,279	-2.1	-4.9
Deuel	11,504	11,163	-3.0	-5.8
Kimball	38,113	33,437	-12.3	-14.8
Region 22	270,118	263,182	-2.6	-5.4
Banner	1,319	1,438	9.0	5.9
Garden	9,724	9,834	1.1	-1.8
Morrill	30,373	27,769	-8.6	-11.2
Scotts Bluff	228,702	224,141	-2.0	-4.8
Region 23	167,198	164,975	-1.3	-4.2
Box Butte	75,723	76,586	1.1	-1.8
Dawes	44,860	44,013	-1.9	-4.7
Sheridan	43,184	40,916	-5.3	-8.0
Sioux	3,431	3,460	0.8	-2.1
Region 24	160,895	147,933	-8.1	-10.7
Boyd	9,457	9,334	-1.3	-4.1
Brown	25,527	22,679	-11.2	-13.7
Cherry	35,414	35,057	-1.0	-3.8
Holt	74,186	69,349	-6.5	-9.2
Keya Paha	2,422	2,441	0.8	-2.1
Rock	13,889	9,073	-34.7	-36.6
Region 25	102,826	94,361	-8.2	-10.9
Cedar	43,501	39,985	-8.1	-10.7
Dixon	16,685	15,006	-10.1	-12.7
Knox	42,640	39,370	-7.7	-10.3
Region 26	134,366	129,866	-3.3	-6.1
Blaine	2,101	1,704	-18.9	-21.2
Custer	64,475	62,473	-3.1	-5.9
Garfield	11,209	11,840	5.6	2.6
Greeley	11,523	10,890	-5.5	-8.2
Loup	1,414	1,551	9.7	6.6
Sherman	11,456	11,547	0.8	-2.1
Valley	29,846	27,717	-7.1	-9.8
Wheeler	2,342	2,144	-8.5	-11.1
TOTAL STATE[3]	9,164,344	9,189,408	0.3	-2.6

[1] Motor vehicle sales are recorded as in counties in which the vehicles were first registered, regardless of point of sale.

[2] Current dollar sales adjusted (deflated) for price changes using commodity prices component of the Bureau of Labor Statistics' Consumer Price Index.

[3] Total state sales include some sales that cannot be allocated to cities, counties, or regions.

Source: Compilations by Bureau of Business Research from special tabulations provided by Nebraska Tax Commissioner.

(continued from page 1)

occurred between 1982 and 1983, can be found in Table 2. Again, it should be noted that the 1983 sales data have *not* been adjusted to account for the elimination of food sales.

Of the twenty-five state planning regions, only four recorded dollar volume increases in 1983, with three of those growing faster than the state average. The gains in sales were in Region 1, +6.0 percent; Region 2, +5.5 percent; Region 3, +3.4 percent; and Region 12, up less than 0.1 percent. These regions are composed of the state's five metropolitan counties and those counties in the Grand Island area. On a price-adjusted basis, only Regions 1, 2, and 3 experienced increases.

Map 1 shows that seven regions recorded losses in net taxable sales greater than five percent. These regions were generally located along the state's northern and southern borders. The largest declines were in Region 17, −9.3 percent; Region 25, −8.2 percent; and Region 24, −8.1 percent.

During 1983, twenty-three of the state's ninety-three counties had net taxable sales above those in 1982; twenty of these grew faster than the state. These growing counties were dispersed throughout the state, and regions with positive changes in retail sales generally contained the growing counties. However, Map 2 also shows that several of the counties with increasing sales were located in regions which reported the greatest losses. Counties with the most rapid increases in sales were Loup, +9.7 percent; Banner +9.0 percent; Sarpy, +7.8 percent; Logan, +6.7 percent; Hayes, +6.1 percent; Douglas, +6.0 percent; Garfield, +5.6 percent; and Lancaster, +5.5 percent. It is interesting to note that this group encompasses both the state's most and least populous counties. When adjustments are made for increasing prices, Table 2 shows that only eleven Nebraska counties gained sales in 1983.

Although many more counties experienced losses in sales than increases, the statewide change in sales was slightly positive because of the increases in Douglas, Lancaster, and Sarpy Counties, which together account for somewhat less than half of the state's sales.

Of the seventy counties which recorded losses in 1983, thirty-three had losses exceeding five percent, including thirteen that dropped by ten percent or more. The largest declines were Rock County, −34.7 percent; Blaine County, −18.9 percent; Arthur County, −14.3 percent; Kearney County, −14.1 percent; and Gosper County, −13.4 percent.

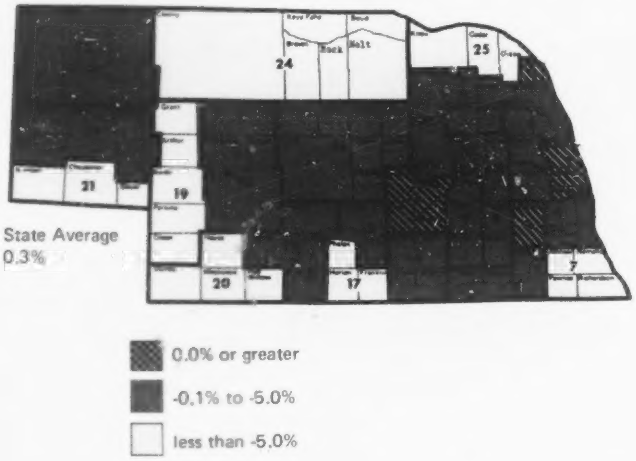
Data on 1982 and 1983 retail sales for thirty-two Nebraska communities can be found in Table 1. Note that the data in Table 1 exclude motor vehicle sales which are attributed to the county in which the vehicle is registered. Therefore, the state total in Table 1 is for non-vehicle sales and will differ from the state total in Table 2, which includes both motor vehicle and non-vehicle sales.

Statewide, the dollar amount of non-vehicle sales fell 1.5 percent in 1983, compared to a 3.5 percent decline in 1982. Again, it should be remembered the reason for 1983's decline is the narrowing of the sales tax base beginning in October 1983. As an aggregate, the thirty-two communities reported a 1.4 percent increase in net taxable sales between 1982 and 1983. This compares to a decline of 3.1 percent in the previous year.

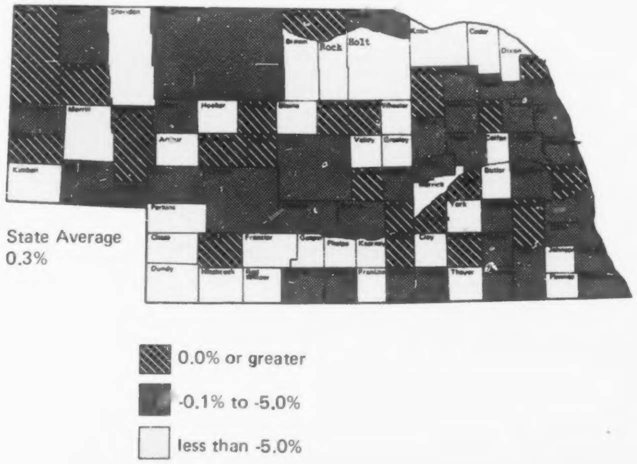
Of the thirty-two cities listed in Table 1, only five did not report losses in the dollar volume of sales in 1983. These cities were Bellevue, +7.6 percent; Omaha, +4.4 percent; Lincoln, +4.1 percent; South Sioux City, +0.6 percent; and Hastings, unchanged. Of the remaining cities, nine reported losses in sales exceeding five percent. Those with the greatest losses were Kimball, −13.7 percent; Holdrege, −11.8 percent; Hartington, −9.1 percent; Seward, −8.1 percent; and Blair, −8.0 percent.

To summarize, it appears that Nebraska's net taxable retail sales were relatively flat during 1983, with little or no improvement over 1982. The growth that did occur happened primarily in the state's metropolitan counties. Of course, the elimination of the sales tax on food for home consumption in October makes 1983's figures lower than they otherwise would have been; even with adjustments, the sales performance was still mediocre. Looking to 1984, it appears that the state has been recovering from the most recent recession, and sales should improve. Because of the different tax bases in 1983 and 1984, however, it will again be very difficult to document the exact size of this improvement.

Map 1
Percentage Change In Net Taxable Retail Sales by Region
1982–1983



Map 2
Percentage Change In Net Taxable Retail Sales by County
1982–1983



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Review and Outlook

Output from the Nebraska economy increased 0.5 percent in March 1984 from the previous month. Nebraska's economy continues to improve, but remains below peak levels established in 1981.

Nebraska cash farm marketings totaled $427 million in March, down $15.2 million from a year ago. Agricultural prices received by Nebraska producers rose 2.7 percent February-March. Compared with a year ago, prices were up 5.6 percent. This increase, however, is not sufficient to prevent a larger than usual liquidation in the agriculture sector.

Improvement in the Nebraska economy this month was attributable to gains in the nonagriculture sector. This component of the Bureau of Business Research's index grew 0.7 percent on a month-to-month basis.

Construction lead all sectors with an 18.1 percent jump. This is the highest reading for the construction component of the index since 1981. The index in March of 1984 was 93.4 (1967 = 100), compared with a year previous reading of 58.3. It is doubtful this increase can be sustained because of the rise in interest rates.

Nebraska's manufacturing sector continues to recover from the recession. The manufacturing component of the index was up 7.5 percent February-March, the strongest month-to-month increase

(continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

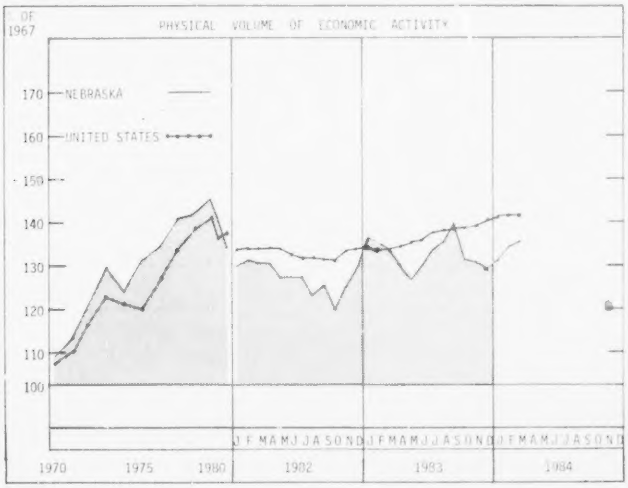
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

March 1984	Current Month as Percent of Same Month Previous Year		1984 Year to Date as Percent of 1983 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	106.7	110.3	104.2	110.1
Agricultural	82.0	102.1	66.1	89.4
Nonagricultural	110.4	110.6	111.0	110.7
Construction	165.5	122.2	146.7	117.8
Manufacturing	118.8	115.5	117.8	114.5
Distributive	105.3	108.9	107.2	109.8
Government	113.2	106.3	113.4	106.3
Physical Volume	101.4	105.6	98.8	105.6
Agricultural	77.6	94.7	61.9	81.3
Nonagricultural	105.4	106.0	106.3	106.4
Construction	160.2	118.3	143.0	114.9
Manufacturing	114.8	111.9	114.4	111.6
Distributive	100.5	104.0	102.7	105.2
Government	104.6	100.3	104.7	100.0

2. CHANGE FROM 1967

Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	390.0	411.2
Agricultural	298.5	339.9
Nonagricultural	403.6	413.5
Construction	320.3	393.6
Manufacturing	384.3	322.4
Distributive	420.2	465.1
Government	412.0	417.5
Physical Volume	135.4	141.4
Agricultural	113.5	128.8
Nonagricultural	138.7	141.8
Construction	93.4	114.8
Manufacturing	153.9	127.1
Distributive	136.7	151.4
Government	150.7	146.6

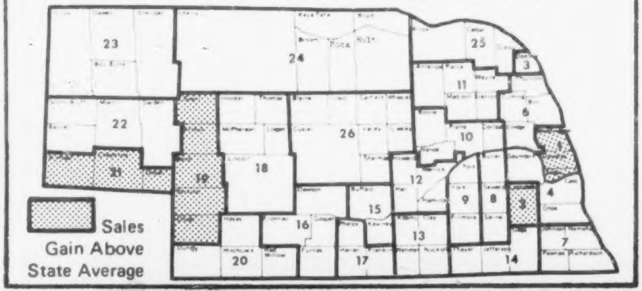


3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES

Region Number and City	City Sales*	Sales in Region*	
	March 1984 as percent of March 1983	March 1984 as percent of March 1983	1984 to Date as percent of 1983 to Date
The State	99.2	98.7	105.9
1 Omaha	102.2	102.3	109.8
Bellevue	114.3		
Blair	101.6		
2 Lincoln	106.6	106.9	110.6
3 So. Sioux City	94.7	87.6	100.5
4 Nebraska City	94.5	95.6	99.6
6 Fremont	90.2	87.5	99.3
West Point	79.0		
7 Falls City	82.7	88.1	96.0
8 Seward	100.7	95.8	103.5
9 York	99.5	92.0	99.6
10 Columbus	88.3	86.0	95.7
11 Norfolk	93.0	90.8	93.5
Wayne	107.7		
12 Grand Island	96.4	95.3	100.7
13 Hastings	84.1	86.0	98.3
14 Beatrice	91.9	90.2	96.8
Fairbury	86.1		
15 Kearney	96.8	94.5	104.2
16 Lexington	91.3	89.5	96.0
17 Holdrege	86.6	83.3	94.3
18 North Platte	92.0	93.9	100.4
19 Ogallala	102.3	105.3	104.6
20 McCook	90.1	90.8	100.4
21 Sidney	95.0	97.4	104.8
Kimball	101.8		
22 Scottsbluff/Gering	98.1	98.7	101.1
23 Alliance	88.0	91.3	97.9
Chadron	90.1		
24 O'Neill	97.2	87.5	95.2
25 Hartington	96.1	88.2	91.9
26 Broken Bow	81.5	84.6	92.0

State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Region totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.

1984 YEAR TO DATE AS PERCENT OF 1983 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



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(continued from page 4)

in some time. The index is at a higher point than it has been since 1981, but remains below peak levels. Output in this sector peaked in February 1980 when the index hit an all time high of 175.5.

The distributive trade sector recorded a 2.0 percent decline on a month-to-month basis. The March 1984 distributive trade component of the index stood at 136.7, compared with 136.0 one year ago.

Nebraska retail sales dropped 1.3 percent in March 1983 compared with one year ago. Total retail sales were $688 million, compared with $697 million one year ago. Nonmotor vehicle sales were down 0.8 percent on a year-to-year basis, while motor vehicle sales decreased 3.7 percent.

When retail sales are adjusted for price changes, total retail sales fell 6.5 percent from one year ago. Nonmotor vehicle sales were down 5.1 percent and vehicle sales dipped 14.8 percent. Nonmotor vehicle sales were adjusted by the commodity component of the Consumer Price Index, which has increased 4.5 percent March 1983—March 1984. Motor vehicle sales are adjusted by an index which measures changes in prices of new and used automobiles. This index increased 13.1 percent on a year-to-year basis.

Impressive gains once again were recorded by communities in the metropolitan Omaha area, as the area economy has recovered more quickly from this economic downturn than from the 1973—1975 recession. Bellevue led all Nebraska communities with an 11.4 percent gain, while Omaha was second with a 3.9 percent growth in its city business index. Scottsbluff/Gering recorded a 3.4 percent improvement, Lincoln a 2.9 percent growth, and Kearney a 2.1 percent increase.

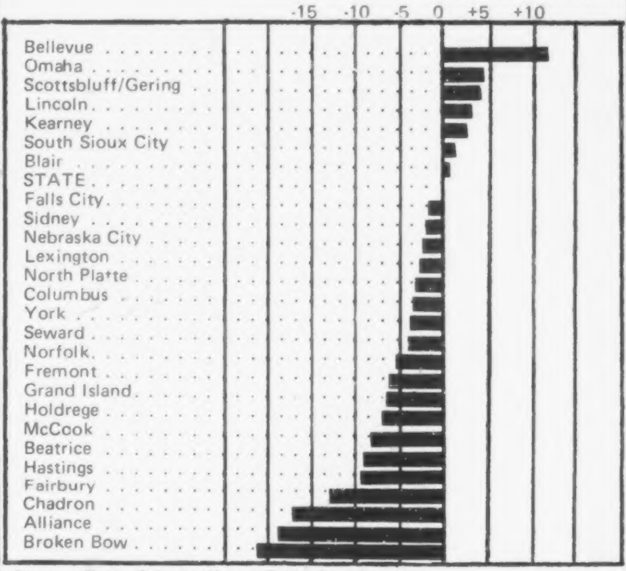
The state's economy is expected to continue to expand over the coming twelve months. Personal income will rise and more people will be employed. Nebraska is benefiting from the growth in the national economy, although higher interest rates are having a depressing impact upon all sectors of the state's economy, including the agriculture and small business sectors.

Rumors of Russian grain crop difficulties have led to optimism that U.S. grain exports will rise. It is unlikely that anything less than a major crop shortfall would have a significant effect upon the state's economy. World grain stocks are large, which make substantial increases in grain prices unlikely without a major crop disaster.

D.E.P.

CITY BUSINESS INDEX

Percent Change March 1983 to March 1984



Source: Table 3 (page 4) and Table 4 below.

4. March 1984 CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Employment[1]	Building Activity[2]	Power Consumption[3]
The State	101.2	143.3	116.8
Alliance	97.7	11.0	117.6
Beatrice	101.8	39.6	113.8
Bellevue	103.4	324.0	122.9
Blair	96.9	194.9	111.4
Broken Bow	88.8	26.1	141.9
Chadron	99.9	12.2	135.4
Columbus	109.0	84.6	120.4
Fairbury	100.8	27.4	119.0
Falls City	102.0	363.6	106.6
Fremont	99.8	102.3	119.2*
Grand Island	100.6	52.5	112.4
Hastings	100.0	88.8	111.7
Holdrege	95.1	194.0	139.6
Kearney	101.7	256.5	109.6
Lexington	102.9	130.8	110.4
Lincoln	102.1	123.8	124.9
McCook	92.0	130.6	117.5
Nebraska City	102.8	102.3	117.5
Norfolk	100.4	93.2	105.6
North Platte	102.3	120.0	106.9
Omaha	103.4	202.6	117.8
Scottsbluff/Gering	101.6	304.8	130.2
Seward	97.8	71.8	116.1
Sidney	100.6	126.7	125.3
So. Sioux City	100.6	279.9	107.5
York	96.0	94.5	110.7

[1] As a proxy for city employment, total employment for the county in which a city is located is used.

[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

5. PRICE INDEXES

March 1984	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	307.3	104.7	104.4
Commodity component	278.7	104.5	104.1
Wholesale Prices	311.1	103.5	103.0
Agricultural Prices			
United States	264.0	107.8	109.8
Nebraska	263.0	105.6	106.6

*Using arithmetic average of monthly indexes.

Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

1968–1983

Because general sales tax for Nebraska became effective June 1, 1967, 1968 was the first full year for which net taxable retail sales were available. Sales totaled $2,918 in 1968. Compared to 1983's figure of $9,189 million, sales rose 215 percent. This fifteen year increase represents an average annual growth rate of 7.9 percent.

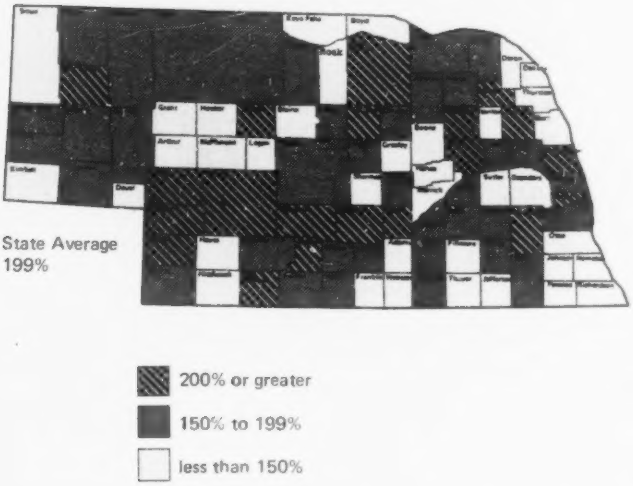
Much of the growth in sales reflects inflation over the period. The best available index to adjust the retail sales data is the commodity component of the Consumer Price Index. Between 1968 and 1983, this index grew 162 percent, indicating a real growth in retail sales of approximately 20 percent. Since 1968, therefore, real retail sales in Nebraska have increased at an average annual rate of 1.2 percent.

Map 3 at the bottom of the page presents the 1968–1983 growth rates for Nebraska counties. In all, twenty counties grew at rates of 200 percent or more. The map shows that these counties were dispersed throughout the state, with some concentrations of counties in northeastern Nebraska and along the Platte River in central and southwestern Nebraska. The ten fastest growing counties were Sarpy, 326 percent; Buffalo, 278 percent; Box Butte, 270 percent; Hall, 258 percent; Chase, 246 percent; Lancaster, 242 percent; Madison, 239 percent; Gosper, 232 percent; Platte, 232 percent; and Lincoln, 219 percent. With the exception of Chase and Gosper Counties, the remaining counties had a major trading center and were among the state's leaders in the dollar volume of sales.

Map 3 also shows the counties that did not fare as well between 1968 and 1983. Of the seventy-three counties with sales growth less than 200 percent, thirty-seven had increases in sales of less than 150 percent. (These counties most likely had no growth or decline in real sales.) The ten slowest growing counties were Thurston, 77 percent; Greely, 82 percent; Sherman, 99 percent; Pawnee, 101 percent; Dixon, 103 percent; Boyd, 103 percent; Keya Paha, 103 percent; Logan, 108 percent; McPherson, 108 percent; and Rock, 111 percent.

J.A.D.

Map 3
Percentage Growth by County 1968–1983



State Average 199%

▨ 200% or greater

■ 150% to 199%

☐ less than 150%

DATA AVAILABILITY

Net taxable retail sales data are available annually for 1968–1983 for purchase from the Bureau of Business Research. Included are motor vehicle, nonmotor vehicle, and total sales for counties; and nonmotor vehicle sales for selected cities. Copies of these data are available for $25.00 from the Bureau of Business Research, 200 CBA, University of Nebraska–Lincoln, Lincoln, NE 68588-0406. Make checks payable to the Bureau of Business Research.

BUSINESS IN NEBRASKA
PREPARED BY BUREAU OF BUSINESS RESEARCH
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Vol. 39 No. 478 July 1984

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BUSINESS IN NEBRASKA

August 1984
Vol. 39 No. 479

Prepared by the Bureau of Business Research, 200 College of Business Administration, University of Nebraska, Lincoln, NE 68588-0406, 402/472-2334

RETAIL SALES ATTRACTION OF NEBRASKA COUNTIES

This article measures and compares the retail attraction of Nebraska counties as trade centers.[1] Data from the last sixteen years provide the basis for current inter-county retail attraction comparisons and analysis. The geographic concentrations of retail sales are also measured and compared with the concentrations of income and population in the state. This analysis complements the previous *Business in Nebraska* study which examined retail sales *volumes* of Nebraska counties in 1982 and 1983.[2]

RETAIL ATTRACTION: MEASUREMENT

Following methods used in previous studies, a county's retail trade attraction is measured by two ratios:[3]

1. The county's retail sales as a percent of the state's retail sales to the county's population as a percent of the state's population
2. The county's retail sales as a percent of the state's retails sales to the county's total personal income as a percent of the state's total personal income

For example, 1982 retail sales in Douglas County were just over $2.7 billion, representing 29.7 percent of the state's retail sales, while Douglas County's population comprised about 25.2 percent of the state's population. Its retail trade attraction was 117 (100 x 29.7/25.2) by the first measure and, since the county's total personal income comprised 29.1 percent of the state's total personal income, 102 by the second measure. Douglas County has a positive retail attraction. Positive, not because its value of sales is large in absolute terms—we would expect Douglas County to have a large volume of retail sales because of its large population—but because its retail sales volume is larger than expected, given its population size and total income. Since the ratios of sales share to population share and income share exceed 100, it is reasonable to assume that retail sales are generated through the attraction of additional consumers, or personal income, or some combination of the two.

To clarify the retail trade attraction measures used:

1. If a county's sales share is equal to its population and income shares, then both the sales-share/population-share and sales-share/income-share ratios are 100. Such a county has zero drawing power, with sales activity equal to its local potential.
2. If a county's sales share is greater than its population and income shares, both ratios will exceed 100. The county has positive drawing power, with sales activity greater than the local potential from its population and income. Additional consumers and personal income are attracted to the county.
3. If a county's sales share is less than its population and income shares, both ratios will be less than 100. The county has negative drawing power, with sales activity less than the local potential from population and income. Consumers and personal income are drawn out of the county.
4. If a county's sales share is greater than its population share but less than its income share, the county has positive drawing power but its sales activity is less than its local potential from income.
5. If a county's sales share is greater than its income share but less than its population share, the county has positive drawing power but its sales activity is less than its local potential from population.

The two retail trade attraction measures were calculated for each county and region for the years 1968 through 1983. Some of the year-to-year fluctuations in the ratios for individual counties were probably due to sampling error in the estimation of the components of the ratios (population, sales, income), rather than actual changes in retail attraction. Simple comparison of any two annual figures (e.g. comparisons of the interval end points 1968 and 1983) was, therefore, not attempted. Instead, averages of the annual ratios over three time periods (1968-1972; 1973-1977; 1978-1983) are reported and examined.

RETAIL ATTRACTION: FINDINGS

The calculated retail attraction ratios described above for each county and region are shown in Table 1.[4] For the period 1978 to 1983, three regions and eighteen counties had average indexes in excess of 100 for both ratios. This indicates that these areas drew additional consumers and personal income in excess of their respective potentials. Region 12 (Hall, Hamilton, Howard, and Merrick) showed the strongest retail attraction, with sales twelve percent greater than its potential as indicated by population and seventeen percent greater than its potential based on income. An examination of the counties within Region 12 indicates that Hall County was responsible for the region's strong showing. It attracted income and consumers from outside the region, and apparently drew strongly from within the region. The other counties within Region 12 had ratios well below 100.

Region 15 (Buffalo and Kearney) and Region 19 (Arthur, Chase, Grant, Keith, and Perkins) also showed a positive attraction. Region 20 (Dundy, Hayes, Hitchcock, and Red Willow) and Region 22 (Banner, Garden, Morrill, and Scotts Bluff) had retail

(continued on page 3)

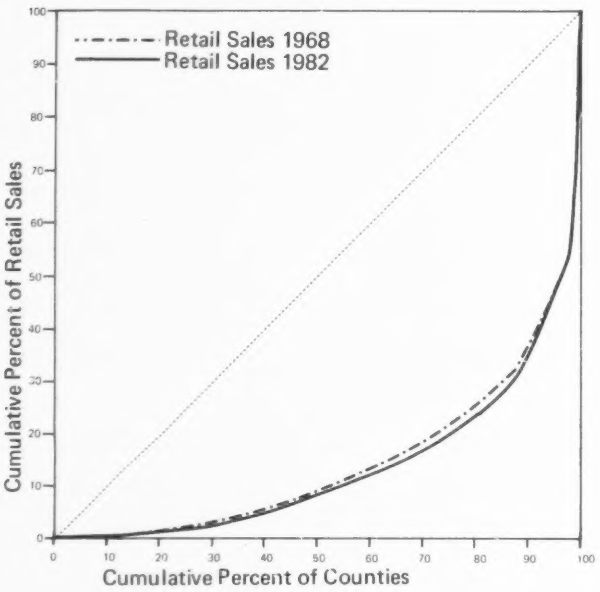
TABLE 1
Retail Attraction of Counties and Development Regions

Region and County	Share of Retail Sales to Share of Population (Average)			Share of Retail Sales to Share of Income (Average)		
	1968-72	1973-77	1978-83	1968-72	1973-77	1978-83
Region 1	112	102	101	102	98	94
Douglas	124	114	115	109	105	101
Sarpy	48	45	40	54	56	50
Washington	79	74	67	77	76	69
Region 2	106	104	97	99	100	93
Lancaster	106	104	97	99	100	93
Region 3	93	75	61	103	86	72
Dakota	93	75	61	103	86	72
Region 4	76	70	63	77	74	66
Cass	61	52	48	62	56	51
Otoe	94	97	87	95	96	93
Saunders	74	68	59	76	72	62
Region 6	92	94	86	93	96	86
Burt	80	87	75	81	91	76
Cuming	76	82	84	83	91	84
Dodge	107	110	100	104	105	95
Thurston	55	47	35	66	57	43
Region 7	77	76	68	81	81	78
Johnson	69	69	66	79	81	79
Nemaha	82	77	68	81	79	76
Pawnee	54	57	51	65	65	59
Richardson	86	84	75	87	88	86
Region 8	77	80	71	84	83	78
Butler	63	66	58	66	67	65
Saline	85	89	81	87	88	80
Seward	78	81	71	93	89	86
Region 9	96	109	94	90	94	91
Fillmore	89	100	85	83	84	77
Polk	65	74	71	61	65	71
York	115	129	109	110	113	107
Region 10	94	99	95	95	100	96
Boone	85	88	84	105	102	91
Colfax	85	87	80	92	94	85
Nance	57	58	55	73	71	70
Platte	106	113	110	96	105	104
Region 11	90	102	91	106	113	95
Antelope	76	84	71	93	104	74
Madison	122	139	123	132	137	117
Pierce	58	67	60	79	84	67
Stanton	44	38	32	52	52	39
Wayne	65	78	76	85	95	91
Region 12	110	121	112	108	121	117
Hall	130	144	136	124	143	136
Hamilton	77	85	71	74	69	73
Howard	67	67	62	81	87	74
Merrick	78	85	67	80	95	81
Region 13	101	109	97	104	107	98
Adams	120	126	108	116	120	105
Clay	70	85	75	69	80	74
Nuckolls	86	89	91	102	99	108
Webster	71	71	65	86	81	75
Region 14	87	91	84	97	93	87
Gage	84	88	83	91	88	85
Jefferson	97	96	89	114	107	97
Thayer	83	92	78	97	88	80
Region 15	101	111	103	112	114	110
Buffalo	105	115	108	124	127	120
Kearney	82	91	79	74	71	69

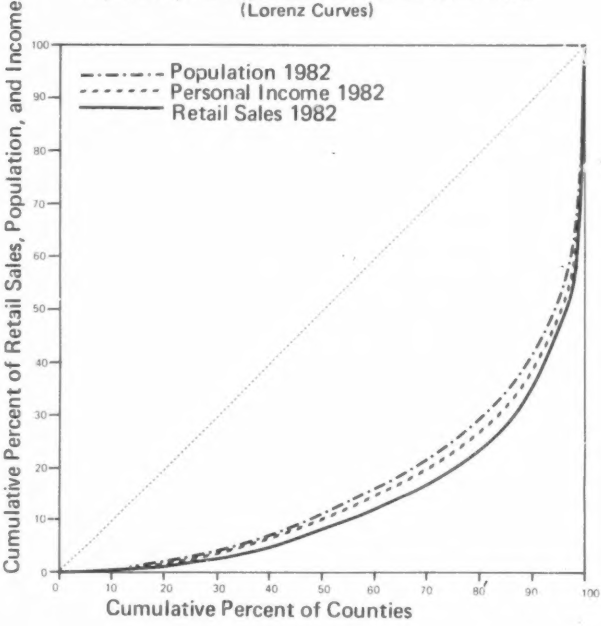
Region and County	Share of Retail Sales to Share of Population (Average)			Share of Retail Sales to Share of Income (Average)		
	1968-72	1973-77	1978-83	1968-72	1973-77	1978-83
Region 16	93	101	91	94	102	99
Dawson	108	118	104	102	117	109
Frontier	55	55	52	64	59	61
Furnas	81	80	76	92	84	88
Gosper	65	80	70	71	88	83
Region 17	97	108	97	97	99	97
Franklin	76	81	67	78	78	72
Harlan	76	79	71	82	82	78
Phelps	117	133	123	111	114	113
Region 18	108	107	96	113	113	98
Hooker	83	70	67	101	83	82
Lincoln	113	112	101	117	116	101
Logan	47	41	35	61	55	42
McPherson	25	22	21	33	30	31
Thomas	87	81	71	110	105	87
Region 19	110	127	109	103	108	101
Arthur	42	40	41	62	52	57
Chase	108	135	114	105	106	106
Grant	83	73	75	76	82	81
Keith	125	132	117	118	127	116
Perkins	96	132	101	83	87	74
Region 20	97	105	100	109	102	102
Dundy	74	82	76	83	69	67
Hayes	28	29	28	35	42	46
Hitchcock	54	52	49	62	50	53
Red Willow	125	137	129	138	133	130
Region 21	95	99	99	99	90	86
Cheyenne	89	92	88	102	93	82
Deuel	88	86	81	68	61	63
Kimball	112	118	129	113	102	104
Region 22	102	112	100	110	111	107
Banner	25	35	28	26	29	28
Garden	69	73	65	75	77	71
Morrill	82	95	89	106	108	109
Scotts Bluff	110	119	106	116	117	112
Region 23	91	99	92	109	113	112
Box Butte	100	112	98	109	109	113
Dawes	83	90	86	108	116	109
Sheridan	106	111	101	126	133	120
Sioux	31	34	34	44	53	58
Region 24	85	98	90	113	125	111
Boyd	59	60	54	89	87	69
Brown	98	115	102	112	132	122
Cherry	88	93	91	98	118	106
Holt	89	102	96	133	130	122
Keya Paha	42	40	36	63	80	69
Rock	103	148	105	131	186	115
Region 25	60	66	60	85	89	76
Cedar	61	68	67	95	96	83
Dixon	47	47	40	56	58	48
Knox	66	75	67	98	105	88
Region 26	79	81	74	98	100	89
Blaine	49	49	45	72	72	66
Custer	88	92	83	101	107	97
Garfield	82	86	85	106	117	105
Greeley	63	56	57	83	76	70
Loup	33	30	30	54	54	56
Sherman	69	61	55	90	80	66
Valley	95	106	90	120	123	104
Wheeler	34	40	40	63	55	62

SOURCE: Computations of percentages and ratios in Tables 1 and 2 were made by the Bureau of Business Research using data from the Nebraska Tax Commissioner, U.S. Bureau of the Census and others.

GRAPH 1
Retail Sales Concentration 1968 and 1982
(Lorenz Curves)



GRAPH 2
Population, Income, Retail Sales Concentration 1982
(Lorenz Curves)



(continued from page 1)

sales that equaled their potential based on population (i.e., index = 100), but exceeded sales expectations based on income.

Among counties, Hall had the strongest retail attraction with its retail share thirty-six percent higher than its population and income. Red Willow followed with ratios of 129 and 130. Kimball (129), Phelps (123), and Madison (123) had the next highest sales share to population share, while Holt (122), Brown (122), Buffalo (120), and Sheridan (120) showed strong sales share to income share. A total of nineteen counties displayed a positive retail sales attraction using population as the base, while twenty-six counties displayed a positive retail sales attraction using income as the base.

Lancaster ranked second among counties in terms of retail sales value. This represented a smaller share of total state sales than its population share (97) or income share (93).

Intertemporal comparisons of the ratios in Table 1 provide an indication of the trend in drawing power. Between the first (1968-1972) and third (1978-1983) periods, the sales attraction of sixty-three counties declined as measured by their sales share to population share. However, the trend was not uniform over the interval; between the first and second periods thirty counties showed diminished attraction, while between the second and third periods eighty-four counties showed declines. When compared on the basis of sales share to income share, sixty-nine counties declined over the interval; forty counties declined from the first to the second period, while seventy-six decreased between the second and third periods. About a third of the counties increased their drawing power from the other two thirds.

The gains were not shared by, or limited to, counties with positive retail attraction. Of the eighteen counties that had a positive drawing in the third period as measured by both ratios, only five (Brown, Chase, Hall, Phelps, and Platte) increased both attraction measures between the first and third periods. Six counties with positive draws showed mixed results, with one ratio increasing and one decreasing. The other seven counties, although still having a positive attraction in the last period, declined in attraction between the first and third periods.

RETAIL SALES: CONCENTRATION

Graph 1 and Table 2 indicate the distribution of retail sales among Nebraska counties. For the retail sales curve, the vertical and horizontal dimensions of Graph 1 represent cumulative percent of retail sales and cumulative percent of counties, respectively. After ranking the counties by volume of retail sales, the cumulative percentage of counties and retail sales were plotted. The resulting line is called a Lorenz Curve. This device has long been used to measure inequalities in the distribution of wealth, income, population, and other economic and demographic variables. If retail sales were distributed equally among the counties, the Lorenz Curve would be a diagonal line (shown as the dashed forty-five degree line in Graphs 1 and 2). If each county's retail sales were equal, the lowest twenty percent of Nebraska's counties would account for twenty percent of Nebraska retail sales. The actual retail sales Lorenz Curve, however, indicates substantial departure from an even distribution of retail sales. For example, the twenty percent of Nebraska counties having the smallest volume of retail sales accounted for only one percent of the state's retail sales in 1982. A comparison of the retail sales Lorenz Curves for 1968 and 1982 indicates that sales were more concentrated in the latter period. Examination of the Gini Concentration Ratio for other years confirms a modest trend towards greater concentration. The Gini Concentration Ratio measures the proportion of the total area under the diagonal that lies in the area between the diagonal and the Lorenz Curve.

(continued on page 6)

Review and Outlook

Nebraska's economy continues to expand. Net physical volume output increased 3.4 percent March—April 1984. All sectors of the Nebraska economy recorded improvements on a month-to-month basis.

The agricultural sector gained 15.6 percent March—April 1984. Cash farm marketings were $475 million, $35 million above one year ago levels. Prices received by Nebraska agricultural producers were 1.6 percent higher in April 1984 compared with one year ago. Prices received by all U.S. farmers rose 7.3 percent over the same period, sharply higher than the increase Nebraska producers received.

Nebraska's non-agricultural sector grew 1.5 percent March—April 1984. Construction recorded a 9.9 percent jump. Expansion activity in the construction sector occurred before interest rates rose; it is doubtful construction activity improvements can continue at this rate.

Manufacturing output continued to escalate during the period March—April. The Bureau of Business Research's Physical Output Index increased 0.9 percent on a month-to-month basis. Output from Nebraska's manufacturing sector continues to grow, but remains below peak levels established before the recession.

(continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

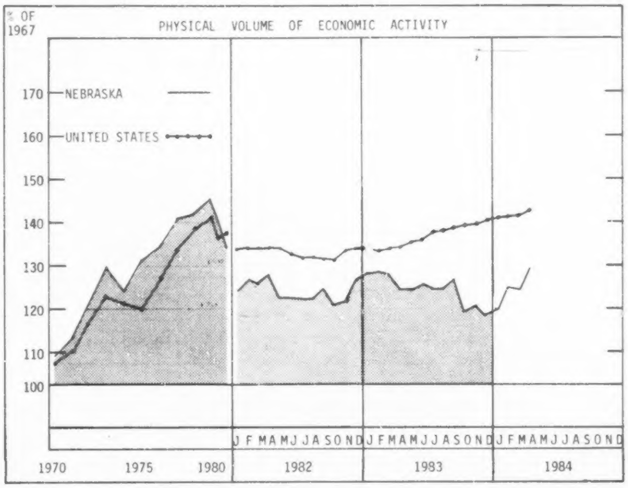
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

April 1984	Current Month as Percent of Same Month Previous Year		1984 Year to Date as percent of 1983 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	107.9	110.7	102.6	110.4
Agricultural	109.2	93.0	76.6	91.7
Nonagricultural	107.8	111.2	107.2	110.9
Construction	146.9	122.3	143.6	119.6
Manufacturing	115.1	115.8	116.1	115.0
Distributive	102.2	109.9	101.5	109.9
Government	113.4	106.3	113.4	106.3
Physical Volume	103.6	106.0	97.7	105.8
Agricultural	107.5	86.7	72.7	83.8
Nonagricultural	102.9	106.6	102.7	106.5
Construction	142.2	118.4	139.7	116.4
Manufacturing	111.0	111.8	112.5	111.8
Distributive	97.8	105.2	97.2	105.2
Government	104.3	100.3	104.6	100.1

2. CHANGE FROM 1967

	Percent of 1967 Average	
Indicator	Nebraska	U.S.
Dollar Volume	367.8	416.4
Agricultural	359.1	305.4
Nonagricultural	368.9	420.0
Construction	321.5	402.8
Manufacturing	372.1	326.4
Distributive	366.0	473.9
Government	415.6	419.3
Physical Volume	128.5	142.6
Agricultural	139.7	115.2
Nonagricultural	126.7	143.5
Construction	93.5	117.1
Manufacturing	148.8	128.5
Distributive	118.5	153.5
Government	151.3	146.6

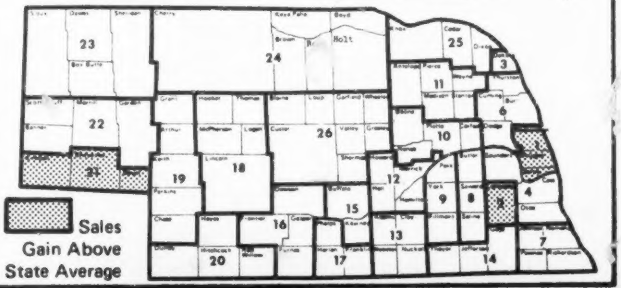


3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES

Region Number and City	City Sales	Sales in Region	
	April 1984 as percent of April 1983	April 1984 as percent of April 1983	1984 to date as percent of 1983 to date
The State	103.4	105.5	105.8
1 Omaha	105.1	108.2	109.4
Bellevue	109.2		
Blair	103.5		
2 Lincoln	102.4	105.4	109.1
3 So. Sioux City	103.1	99.3	100.2
4 Nebraska City	89.4	99.7	99.6
6 Fremont	102.8	99.9	99.5
West Point	101.2		
7 Falls City	88.9	94.2	95.5
8 Seward	94.2	102.6	103.3
9 York	100.4	104.5	100.9
10 Columbus	102.1	101.8	97.4
11 Norfolk	101.3	100.7	95.4
Wayne	95.1		
12 Grand Island	99.9	102.2	101.1
13 Hastings	105.1	105.8	100.3
14 Beatrice	91.0	92.7	95.7
Fairbury	82.9		
15 Kearney	96.0	98.3	102.5
16 Lexington	101.0	96.6	96.1
17 Holdrege	95.3	94.1	94.2
18 North Platte	96.7	98.3	99.8
19 Ogallala	103.6	98.7	103.0
20 McCook	91.0	92.5	98.0
21 Sidney	104.1	102.1	104.1
Kimball	93.4		
22 Scottsbluff/Gering	100.3	102.2	101.4
23 Alliance	93.6	96.4	97.5
Chadron	89.9		
24 O'Neill	97.6	92.2	94.4
25 Hartington	89.5	90.1	91.4
26 Broken Bow	91.0	91.8	91.9

State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Region totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.

1984 Year to Date as Percent of 1983 Year to Date in Nebraska's Planning and Development Regions



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The distributive trade sector jumped 1.6 percent month-to-month. Government recorded a 0.3 percent increase March–April 1984.

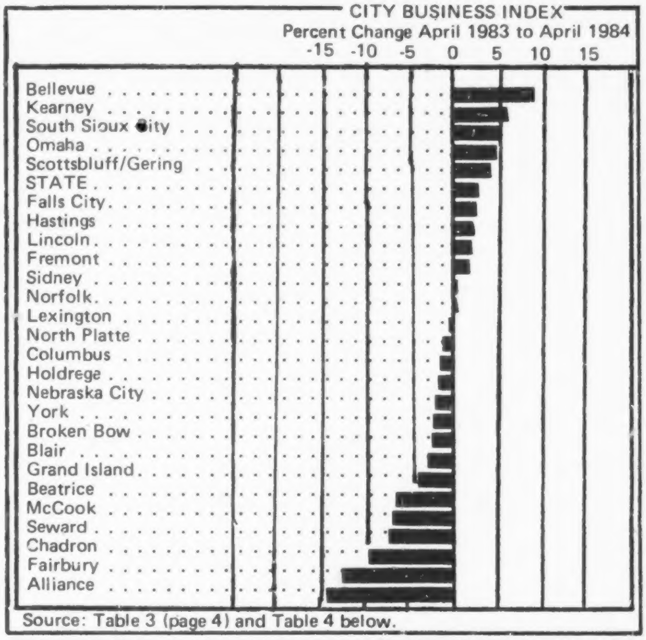
Nebraska's retail sales rose 5.5 percent in April 1984 compared with one year previous. When adjusted for price changes, retail sales gained a scant 0.1 percent. The commodity component of the Consumer Price Index increased 4.0 percent from one year ago, but vehicle prices soared nearly 15.0 percent during the same period.

Nonmotor vehicle sales grew 3.4 percent on a dollar volume basis. When adjusted for price changes, nonmotor vehicle sales were down 0.7 percent on a monthly basis.

Motor vehicle sales continued to show impressive growth. Statewide, motor vehicle sales ballooned 20.2 percent (unadjusted for price changes); they gained 5.4 percent when adjusted for price changes. Motor vehicle sales have been strongest in Omaha, Lincoln, and the Sidney/Kimball area. Kearney and Seward show limited increases. Many nonmetropolitan centers trail last year's sales level for both vehicle and nonmotor vehicle sales.

The Bureau of Business Research's City Business Indexes for twenty-seven communities in the state show strong gains in Bellevue, Kearney, South Sioux City, Omaha, and Scottsbluff/Gering. These communities were above the state average for April 1984 when compared with one year ago.

DONALD E. PURSELL



Source: Table 3 (page 4) and Table 4 below.

4. April 1984 CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Employment[1]	Building Activity[2]	Power Consumption[3]
The State	102.2	147.5	98.8
Alliance	101.3	10.6	93.2
Beatrice	110.7	33.5	100.2
Bellevue	102.2	281.9	105.5
Blair	97.3	75.3	94.1
Broken Bow	103.8	138.3	83.9
Chadron	113.6	13.8	127.2
Columbus	101.7	71.9	98.1
Fairbury	102.1	40.3	99.7
Falls City	100.9	545.6	97.3
Fremont	99.8	158.6	108.4*
Grand Island	102.4	51.5	108.8
Hastings	104.3	89.7	76.6
Holdrege	100.6	141.1	101.5
Kearney	104.5	419.9	102.9
Lexington	103.0	86.7	106.6
Lincoln	100.8	151.4	98.1
McCook	98.7	96.9	97.3
Nebraska City	102.0	202.8	99.9
Norfolk	100.2	129.2	98.1
North Platte	104.9	88.2	99.6
Omaha	102.2	197.5	97.7
Scottsbluff/Gering	102.0	219.7	111.8
Seward	98.8	69.4	98.9
Sidney	99.3	112.3	100.3
So. Sioux City	100.4	294.7	98.9
York	100.5	85.4	94.9

[1] As a proxy for city employment, total employment for the county in which a city is located is used.

[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

5. PRICE INDEXES

April 1984	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	308.8	104.5	104.4
Commodity component	280.1	104.0	104.1
Wholesale Prices	311.4	103.6	103.1
Agricultural Prices			
United States	265.0	107.3	109.3
Nebraska	257.0	101.6	105.3

*Using arithmetic average of monthly indexes.

Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

(continued from page 3)

Graph 2 allows a comparison of the concentration of retail sales with the concentration of income and population in 1982. The respective Lorenz Curves indicate that income was more concentrated than population and retail sales were, in turn, more concentrated than income. An examination of the Gini Concentration Ratio shows a trend of greater concentration in population during the period, but little change in the concentration of income.

DOUGLAS O. LOVE

[1] The tables and graphs in this study were prepared by Karen Krull Robart.

[2] Deichert, Jerome, "Nebraska Retail Sales, 1982-1983," *Business in Nebraska* July 1984

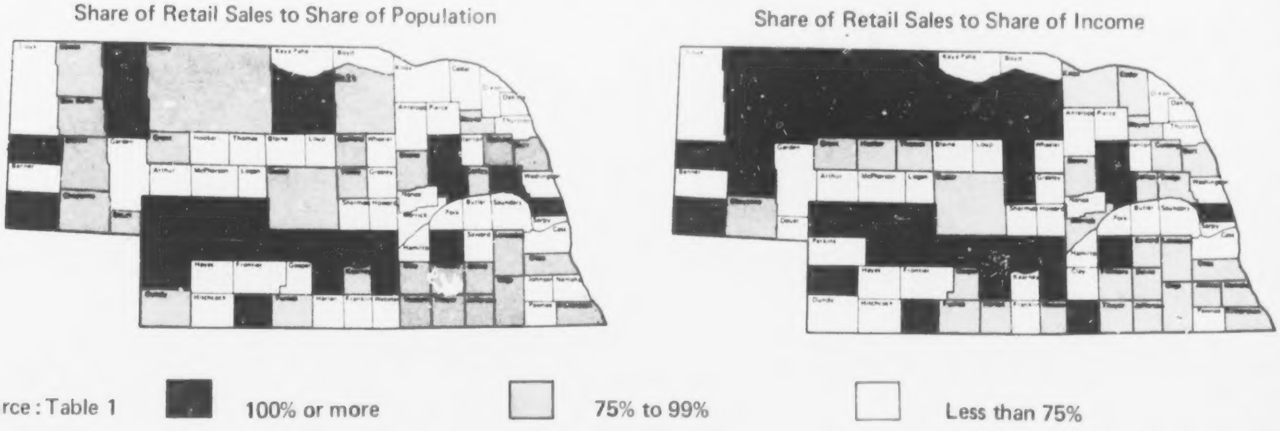
[3] For previous studies examining retail attraction of Nebraska counties, regions, and retail centers, see *Business in Nebraska* articles by Edward L. Hauswald (September 1969 and October 1970) and David Chinchen (December 1980).

[4] County population and income estimates were not available for 1983. The 1983 ratios were formed using 1982 population and income shares.

TABLE 2
Gini Concentration Ratios
(Nebraska Counties)

Year	Population	Income	Retail Sales
1968	64.4	69.2	71.4
1969	64.9	68.2	71.3
1970	64.4	68.8	72.1
1971	65.1	68.7	72.4
1972	65.5	67.3	72.5
1973	65.7	64.5	71.2
1974	65.9	68.3	70.9
1975	65.8	67.5	71.1
1976	66.1	69.7	70.9
1977	66.1	70.0	72.2
1978	66.3	69.3	71.0
1979	66.4	68.7	71.3
1980	66.4	69.9	72.3
1981	66.5	68.7	73.2
1982	66.7	69.3	73.0
1983	––	––	74.4

RETAIL ATTRACTION OF COUNTIES
Average (1978–1983)



Share of Retail Sales to Share of Population

Share of Retail Sales to Share of Income

Source: Table 1 ■ 100% or more ▨ 75% to 99% □ Less than 75%

BUSINESS IN NEBRASKA
PREPARED BY BUREAU OF BUSINESS RESEARCH
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Vol. 39 No. 479 August 1984

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BUSINESS IN NEBRASKA

Vol. 40 No. 480
September 1984

Prepared by the Bureau of Business Research, 200 College of Business Administration, University of Nebraska, Lincoln, NE 68588-0406, 402/472-2334

COMPONENTS OF NEBRASKA'S PERSONAL INCOME

Nebraska's personal income rose from $2.7 billion in 1958 to $16.9 billion in 1982, a jump of 526 percent. Over the same interval, United States personal income grew from $401 billion to $2,572 billion, a gain of 618 percent. For perspective, prices over this period increased 214 percent as measured by the Consumer Price Index. This means Nebraska's *real* personal income increased about seven-eighths of the national gain 1958–1982.

The personal income (PI) of an area is defined by the Bureau of Economic Analysis, U.S. Department of Commerce, as income received by, or on behalf of, the residents of an area. It is comprised of income received from all sources, including active participation in production; from transfer payments from the public sector and private sources; and public interest payments which are treated as transfer payments. PI includes the incomes of individuals; nonprofit institutions; private, noninsured welfare funds; and private trust funds. Proprietors' income is treated as income received by individuals and is also part of PI.

This report reviews Nebraska's personal income by component from 1958 through 1982. The selection of these years was deliberate. Gross National Product declined 1.8 percent in 1958. Prosperity was sustained after the 1958–1959 recession for most of the twenty years. The analysis extends through 1982, the last year for which component data are available for Nebraska. Both beginning and ending years were recession years, which makes comparison meaningful (since a poor year is not compared to a good year or vice versa).

To analyze the changes in the Nebraska economy over this period, three-year comparisons are used. Averages reduce the risk of giving undue weight to economic events of a particular year. Outside forces dramatically impact the state income year-to-year. For instance, farm income nearly doubled between 1980 and 1981; it soared from $637 million to $1,157 million (Table1). This sharp change from year-to-year is not unusual in a small state such as Nebraska, since grain exports and inventories can change radically in a short period. Averages smooth irregular trends.

CHANGES IN NEBRASKA PERSONAL INCOME 1958–1982

Personal income increased 465 percent over the interval 1958–1962 to 1980–1982 (three-year averages). Nonfarm income grew 517 percent, while farm income gained 137 percent (Table 1). Farm income failed to keep pace with other sources of personal income because commodity and livestock prices did not grow as rapidly as nonfarm incomes.

For example, corn on the farm was $1.05 per bushel in 1958, The price was $2.82 per bushel in 1982, an increase of 168 percent. This gain was less than personal income or nonfarm income, but about equal to farm income increases. Wheat prices escalated from $1.75 to $3.39 per bushel, an increase of 94 percent, over the same interval. Cattle prices gained 159 percent. Major components of Nebraska farm income had price changes well below other factors, which "explains" the poor performance of farm income compared with total personal income.

Over this quarter of a century, nonfarm income sources led personal income growth in Nebraska. Wages and salaries and transfer payments have been an increasingly important source of income in the state. For example, wages and salaries increased from $1.5 billion 1958–1960 to $8.9 billion 1980–1982, a jump of 475 percent (Table1). Transfer payments grew from $185 million to $2.0 billion, a gain of 977 percent. Dividends and rents and royalties increased at a rate below Nebraska's total personal income gain. Interest payments, however, multiplied at a pace greater than Nebraska's total personal income. In general, Nebraska followed national trends, as a comparison of data in Tables 1 and 2 reveals.

Interest payments to Nebraskans were up 1,388 percent from the late 1950s to the early 1980s: $175 million per year 1958–1960 and $2.6 billion per year 1980–1982. This sharp increase reflects the higher interest rates of the 1980s. Nebraskans' propensity for thrift is apparent; the amount of interest paid to them increased more rapidly than interest paid nationally. Nebraska has a larger proportion of population over 65, which may also account for the larger interest payment gain.

Growth in Nebraska wages and salaries has outpaced personal income during the past twenty-five years, 475 percent versus 465 percent. The rate of change of wages and salaries among sectors of the Nebraska economy, however, shows considerable variation. Construction and manufacturing failed to match the increase in wages and salaries. Construction wages and salaries gained a little over 300 percent, while those in manufacturing grew approximately 425 percent; both are below the 465 percent growth rate for total personal income. Manufacturing employment expanded rapidly in the 1960s and 1970s, but these gains still left manufacturing wage and salary increases below all wage and salary increases. Combined wholesale and retail trade wages and salaries increased at a slightly lower rate than the total. Finance, insurance, and real estate wages, as well as services wages, have increased more rapidly than total personal income.

(continued on page 6)

Table 1
Nebraska Personal Income by Component, 1958-60 and 1980-82
(Millions of Dollars)

	Average 1958-60	Percent of Total 1958-60	Average 1980-82	Percent of Total 1980-82	Percentage Growth 1958-60 to 1980-82
TOTAL PERSONAL INCOME	2,809	100.0	15,864	100.0	464.59
Farm	388	13.8	919	5.8	136.84
Nonfarm	2,421	86.2	14,944	94.2	517.11
Dividends	66	2.4	335	2.1	407.54
Interest	175	6.2	2,605	16.4	1,388.83
Rents and Royalties	221	7.9	577	3.6	160.81
TRANSFER PAYMENTS	185	6.6	2,000	12.6	977.06
Social Security	84	3.0	991	6.3	1,080.18
Income Maintenance	15	0.5	111	0.7	624.69
WAGES AND SALARIES*	1,554	100.0	8,941	100.0	475.38
Construction	108	7.0	434	4.9	301.16
Manufacturing	298	19.2	1,569	17.5	424.88
Transportation, Communication, Utilities	198	12.8	1,036	11.6	421.05
Railroad Transportation	98	6.3	420	4.7	328.61
Wholesale Trade	112	7.2	861	9.6	667.75
Retail Trade	196	12.7	778	8.7	295.59
Finance, Insurance, Real Estate	91	5.9	624	7.0	584.15
Total Services	152	9.8	1,317	14.7	761.13

*Industries do not add to 100% because data for government were omitted.
SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis

Table 2
United States Personal Income by Component, 1958-60 and 1980-82
(Billions of Dollars)

	Average 1958-60	Percent of Total 1958-60	Average 1980-82	Percent of Total 1980-82	Percentage Growth 1958-60 to 1980-82
TOTAL PERSONAL INCOME	380,102	100.0	2,385	100.0	527.65
Farm	14,339	3.8	34	1.5	143.01
Nonfarm	365,762	96.2	2,350	98.5	542.73
Dividends	12,150	3.2	61	2.6	410.21
Interest	22,627	6.0	324	13.6	1,333.99
Rents and Royalties	13,700	3.6	40	1.7	198.73
TRANSFER PAYMENTS	27,327	7.2	336	14.1	1,131.11
Social Security	9,942	2.6	136	5.7	1,277.80
Income Maintenance	3,246	0.9	34	1.4	957.14
WAGES AND SALARIES*	255,060	100.0	1,466	100.0	475.03
Construction	15,071	5.9	78	5.3	417.82
Manufacturing	85,127	33.4	374	25.5	339.78
Transportation, Communication, Utilities	21,871	8.6	111	7.6	411.69
Railroad Transportation	5,550	2.2	12	0.9	128.45
Wholesale Trade	16,147	6.3	103	7.1	540.92
Retail Trade	26,762	10.5	141	9.7	429.18
Finance, Insurance, Real Estate	11,801	4.6	88	6.0	648.34
Total Services	27,159	10.6	248	16.9	813.94

*Industries do not add to 100% because data for government were omitted.
SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis

Figure 1
Nebraska Personal Income
Percent of Total

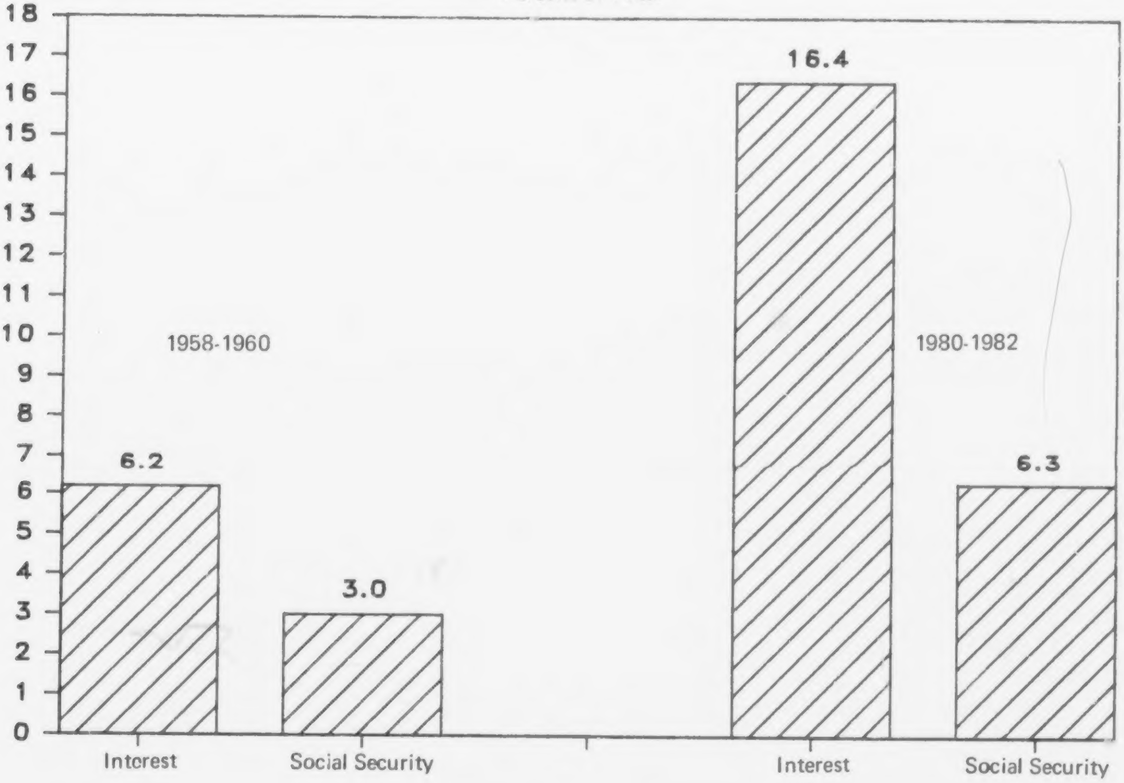
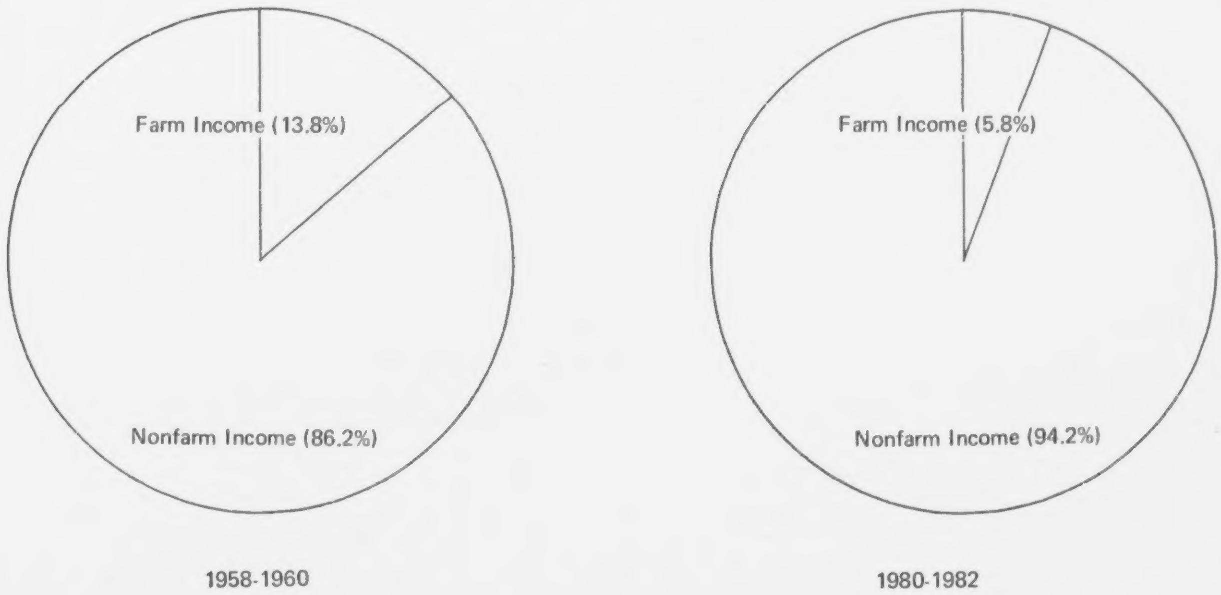


Figure 2
Nebraska
Percent of Total Personal Income



1958-1960

1980-1982

Review and Outlook

May was generally a good month for the Nebraska economy, with increases in most of the major economic indicators for the state. Based on the physical volume index, real output for the state rose 0.5 percent from its April 1984 level and was 4.3 percent above its value of last May. Nebraska's growth was not as strong as the nation's, as comparable figures indicate gains of 0.9 percent and 6.2 percent respectively.

The April-to-May increase in activity was due to a 1.8 percent rise in nonagricultural activity. The agricultural sector fell 7.3 percent. All four of the state's nonagricultural sectors reported gains during the month, with construction's 8.3 percent increase leading the way. The monthly growth rates for the remaining sectors were manufacturing, +2.0 percent; distributive, +1.4 percent; and government, +1.0 percent.

The construction sector has recovered quite strongly in 1984. May's index was 32.4 percent above the previous May. Construction has recorded five consecutive month-to-month increases.

Manufacturing, another sector hard hit by the latest recession, also has shown some resurgence in 1984. May's index was 11.2 percent higher than May 1983. Manufacturing's record in 1984 has not been as consistent as construction's, but it has exper-

(continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

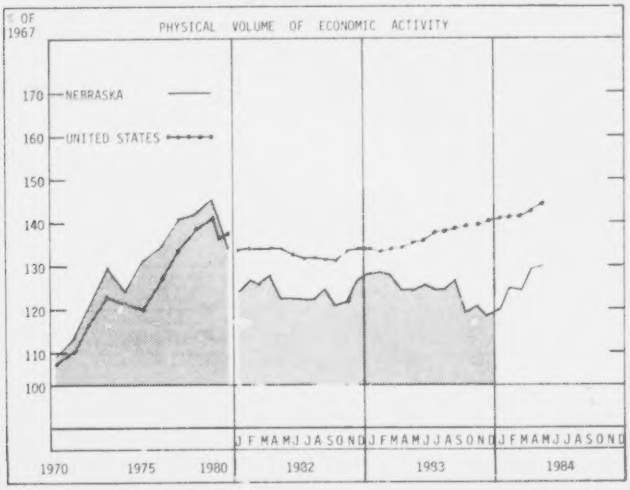
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

May 1984	Current Month as Percent of Same Month Previous Year		1984 to Date as percent of 1983 to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	108.8	110.4	103.8	110.4
Agricultural	107.6	104.9	81.6	94.7
Nonagricultural	108.9	110.6	107.6	110.9
Construction	136.4	121.8	141.8	121.8
Manufacturing	115.3	115.7	115.9	109.8
Distributive	104.0	109.1	102.0	109.8
Government	114.6	105.0	113.7	106.0
Physical Volume	104.3	106.2	99.0	106.0
Agricultural	104.7	100.4	77.8	87.4
Nonagricultural	104.2	106.4	103.0	106.6
Construction	132.4	118.2	138.3	118.8
Manufacturing	111.2	111.9	112.2	111.5
Distributive	99.7	104.7	97.7	105.2
Government	105.3	100.3	104.7	100.7

2. CHANGE FROM 1967

Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	371.2	420.9
Agricultural	332.8	354.0
Nonagricultural	376.8	423.1
Construction	346.3	413.3
Manufacturing	379.0	327.5
Distributive	373.0	477.8
Government	421.9	421.0
Physical Volume	129.2	144.1
Agricultural	129.5	137.8
Nonagricultural	129.1	144.3
Construction	101.9	121.6
Manufacturing	151.5	128.7
Distributive	120.5	154.3
Government	152.8	147.8

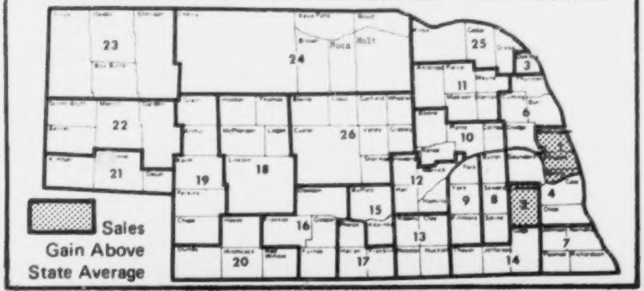


3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES

Region Number and City	City Sales	Sales in Region	
	May 1984 as percent of May 1983	May 1984 as percent of May 1983	1984 to date as percent of 1983 to date
The State	110.7	110.8	106.9
1 Omaha	121.5	120.2	111.7
Bellevue	111.6		
Blair	108.8		
2 Lincoln	109.4	111.8	109.7
3 So. Sioux City	113.0	107.1	101.7
4 Nebraska City	97.8	97.7	99.2
6 Fremont	103.2	98.6	99.3
West Point	91.6		
7 Falls City	96.6	95.6	95.5
8 Seward	87.7	98.2	102.2
9 York	101.3	103.1	101.4
10 Columbus	101.5	99.3	97.8
11 Norfolk	102.3	98.9	96.2
Wayne	86.9		
12 Grand Island	107.8	105.5	102.1
13 Hastings	112.7	105.9	101.5
14 Beatrice	98.3	96.4	95.8
Fairbury	83.1		
15 Kearney	102.9	100.5	102.0
16 Lexington	104.1	102.7	97.6
17 Holdrege	95.3	95.8	94.6
18 North Platte	101.6	101.2	100.1
19 Ogallala	111.8	107.9	104.2
20 McCook	98.7	97.0	97.8
21 Sidney	108.9	111.8	105.8
Kimball	120.4		
22 Scottsbluff/Gering	100.7	105.8	102.4
23 Alliance	99.1	103.5	98.8
Chadron	95.1		
24 O'Neill	96.4	93.5	94.2
25 Hartington	96.8	87.4	90.5
26 Broken Bow	104.3	95.6	92.7

State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Region totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.

1984 YEAR TO DATE AS PERCENT OF 1983 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



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ienced month-to-month increases in four of the five months for which data are available in 1984.

The two remaining nonagricultural sectors, distributive and government, also have experienced growth during 1984, but they have been less consistent than the previously mentioned sectors.

Agriculture continues to be the state's most volatile sector, with increases one month and losses the next. Seasonally adjusted cash farm marketings in May dropped $63.7 million (13.4 percent) from April 1984 and stood at $475 million. Prices received, however, were unchanged.

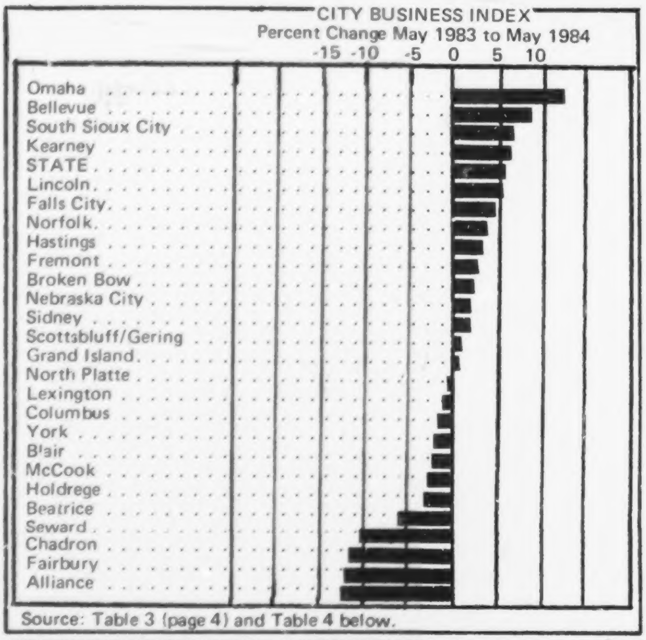
Retail sales in May 1984 were up 10.8 percent from the previous May. After adjustment for price changes, retail sales rose 5.6 percent. Sales in 1984 have been fairly strong, as May represents the fourth month of real growth.

May's 10.7 percent increase in nonmotor vehicle sales was the largest growth rate so far in 1984. Even with allowances for price changes, nonmotor vehicle sales recorded a substantial 6.9 percent increase.

Motor vehicle sales grew 11.9 percent in May when compared to the previous May. Because of the nearly 15 percent rise in prices, however, real motor vehicle sales dropped 2.3 percent.

Fourteen of the twenty-six business indexes grew during May 1984 when compared to a year ago. With increases in employment, retail sales, and building activity, Omaha led the state with a 12.0 percent increase in its index. The indexes show that much of the state's growth occurred in its metropolitan areas, specifically Omha, Bellevue, South Sioux City, and Lincoln. Kearney rounded out the top five.

JEROME A. DEICHERT



Source: Table 3 (page 4) and Table 4 below.

4. May 1984 CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Employment[1]	Building Activity[2]	Power Consumption[3]
The State	101.[illegible]	139.3	108.3
Alliance	100.0	12.0	105.9
Beatrice	101.7	40.1	113.8
Bellevue	103.1	201.1	110.4
Blair	98.1	48.8	96.9*
Broken Bow	103.1	109.4	95.8*
Chadron	104.0	13.7	94.9
Columbus	101.9	75.4	116.4
Fairbury	102.3	44.1	111.4
Falls City	100.7	453.9	101.2
Fremont	100.8	156.9	117.1*
Grand Island	102.5	59.4	103.5
Hastings	99.9	77.6	104.3
Holdrege	102.0	89.4	95.8
Kearney	100.8	348.4	108.3
Lexington	103.0	61.4	224.5
Lincoln	101.6	148.1	103.0
McCook	97.0	116.1	106.0
Nebraska City	101.0	228.1	107.0
Norfolk	101.4	192.5	103.1
North Platte	104.5	75.4	104.1
Omaha	103.1	183.1	110.4
Scottsbluff/Gering	101.0	133.0	122.0
Seward	99.0	55.5	106.1
Sidney	99.4	96.9	117.2
So. Sioux City	101.7	144.9	116.3
York	99.5	85.2	99.2

[1] As a proxy for city employment, total employment for the county in which a city is located is used.

[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

5. PRICE INDEXES

May 1984	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	309.7	104.2	104.4
Commodity component	280.4	103.5	104.0
Wholesale Prices	311.7	103.4	103.2
Agricultural Prices			
United States	257.0	104.5	108.3
Nebraska	257.0	102.8	104.8

*Using arithmetic average of monthly indexes.
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

(continued from page 1)

The main sources in Nebraska's personal income growth during the past quarter of a century were wage and salary income from services, transfer payments, and interest payments. Manufacturing, construction, and farm incomes have slipped behind the overall average income change.

It is interesting to note that Social Security retirement and disability payments were larger than farm income over the period 1980–1982. In the earlier period 1958–1960, Social Security payments were a little over one-fifth of net farm income; in the latter interval 1980–1982, Social Security payments were slightly above net farm income (Table 1). Interest payments are also larger than net farm income. In the 1980s, interest payments to Nebraskans were nearly three times net farm income, $2.6 billion compared with $919 million average per year 1980–1982. Part of this increase in interest and Social Security payments reflects the fact that Nebraska has a larger proportion of persons over 65.

Rent and royalty incomes have increased slightly over the last twenty-five years: 160 percent over the interval 1958–1960 to 1980–1982. Rent and royalty incomes are heavily influenced by land rents in Nebraska. This slow increase represents lagging farm income. Sluggish commodity prices have undoubtedly impacted land rent payments.

Manufacturing has the largest payroll in terms of dollars of any sector; the 1980–1982 average was $1.6 billion. Total services ranked second with a payroll of $1.3 billion, followed by the transportation, communication, and public utilities sector at $1.0 billion. Data in Table 3 rank wage and salary payroll by sector and compare it with income from other sources such as Social Security, interest, and farm income. Interest payments were larger than any payroll sector over the period 1980–1982.

SUMMARY AND CONCLUSIONS

Over the past quarter century, Nebraska personal income has increased at seven-eighths the rate of United States personal income growth. Nebraska income gains are lower, primarily because farm income increased a scant 137 percent over the interval 1958–1960 to 1980–1982. It is no surprise farm income has done so poorly; commodity prices have lagged behind other prices. Manufacturing income has also failed to rise as quickly in Nebraska as it did in the United States, although it has fared less poorly than farm income. Manufacturing in Nebraska is more closely associated with the agricultural sector than it is nationally. The poor (relative to other price changes) performance of grain and livestock prices also slows this component of Nebraska's income.

The implications of this review of the components of personal income can be stated simply. It is imperative for Nebraska to diversify its economy in order to lessen its dependence upon commodity prices. The returns to capital and labor in agriculture appear below the returns in nonagricultural industries. World agriculture output has increased over the past twenty-five years. Sometimes this increase has been erratic and commodity prices have risen sharply, but dire predictions of famine have not materialized. Speculation upon crop failures could lead to below average economic performance for Nebraska in the future.

DONALD E. PURSELL

Table 3

Selected Components
Of Nebraska Personal Income 1982

(millions of $)

Interest Earnings	2,924
Wages and Salaries	
Manufacturing	1,574
State and Local Government	1,490
Services	1,471
Transportation, Communication, Utilities	1,071
Wholesale Trade	824
Social Security	1,119
Net Farm Income	962

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Vol. 40 No. 480 September 1984

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